FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

Central Eurasia

FBIS-SOV-94-198
Thursday
13 October 1994

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Central Eurasia

FBIS-SOV-94-198 *13 October 1994*

CONTENTS

NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication will be changed. All new indicators will begin with "FBIS" to make the material more easily identifiable. Some will also indicate whether the item has been translated from the vernacular or transcribed from English.

INTERREGIONAL AFFAIRS

Caspian Sea States Hold Talks on Cooperation *[ITAR-TASS]* 1
Karasin Reports on Talks *[INTERFAX]* 1
Kazimirov on Nagorno-Karabakh Settlement Outlook *[ROSSIYA 11 Oct]* 1
ITAR-TASS Carries Press Review for 13 Oct 2

RUSSIA INTERNATIONAL AFFAIRS

Lukin Terms Iraqi Troop Movement 'Bluff' *[Radio Rossii]* 4
Iraqi Envoy on Implementing UN Resolutions *[INTERFAX]* 4
Iraqi Envoy Says Sanctions Cost Russia $30 Billion *[INTERFAX]* 4
Official Urges Heading Off Tougher Sanctions on Iraq *[INTERFAX]* 4
Envoys Bearing 'Very Specific Program' to Baghdad *[IZVESTIYA 13 Oct]* 4
Kozyrev Departs for Baghdad, Kuwait *[ITAR-TASS]* 5
Makes Statement Before Departure *[ITAR-TASS]* 5
Saddam Husayn Receives First Deputy Foreign Minister *[Moscow Radio]* 6
Iraqi Delegation in Moscow To Discuss Oil Cooperation *[ITAR-TASS]* 6
Kozyrev Lauds 'Stable' Ties With Iran *[Tehran IRNA]* 6
Fuel Ministry Supports Caspian Oilfield Development *[ITAR-TASS]* 7
Kozyrev: No Ground for Contradictions With Azerbaijan *[INTERFAX]* 7
Deputies Shocked By 'Cruelty' of Bosnian Muslims *[Moscow Radio]* 7
Arms Trade Group Denies Brazilian Tank Sales *[SEGODNYA 12 Oct]* 7
Rybkin Meets With Brazilian Foreign Minister *[ITAR-TASS]* 8
Chilean Air Force Chief Interviewed on Ties *[KRASNAYA ZVEZDA 12 Oct]* 8
Russia Looks Forward to New Era of DPRK Relations *[Moscow International]* 9

RUSSIA NATIONAL AFFAIRS

Political & Economic Issues

Yeltsin 'Special Statement' on Ruble Crisis *[Russian TV]* 10
Vavilov Appointed Acting Finance Minister *[ITAR-TASS]* 10
Yeltsin Recalls Fedorov for Possible Offer *[Russian TV]* 10
New Appointments Expected in Administration *[ITAR-TASS]* 10
Duma Votes Against Discussing Gerashchenko *[INTERFAX]* 11
Rybkin Says Gerashchenko Recognizes Mistakes *[ITAR-TASS]* 11
Bank Chairman Gerashchenko Rejects Resignation *[ITAR-TASS]* 11
Yeltsin, Chernomyrdin Discuss Financial Problems *[ITAR-TASS]* 11
Chernomyrdin Interviewed on Currency Situation *[Moscow TV]* 12
Chernomyrdin To Resume Holiday in Sochi *[ITAR-TASS]* 12
Russia's Choice To Support Fedorov as Bank Chairman *[INTERFAX]* 12
Democratic Russia Favors Government Renewal *[ITAR-TASS]* 13
Communists Not To Insist Government Resign *[INTERFAX]* 13
'Democratic Russia' May Support Yeltsin *[Radio Rossii]* 13
Dubinin Links Ruble Collapse to Major Subsidies *[ITAR-TASS]* 13
Dubinin Warns of New Ruble Fall; Views Events *[Moscow TV]* 14
Dubinin Calls For Measures To Curb Inflation *[INTERFAX]* 14
Shokhin Against Easing Anti-Inflation Policy *[INTERFAX]* 14
'Determined' To Cut Inflation *[INTERFAX]* 15

Shokin Blames Ruble Crash on Banks' Speculation *[PRAVDA 13 Oct]* 15
Filatov on Consequences of Ruble Fall *[ITAR-TASS]* 15
Livshits: New Bank Officials Will Not Change Situation *[INTERFAX]* 15
ITAR-TASS on Feelings Toward Dubinin, Gerashchenko 16
Ruble Collapse Causing Price Hikes *[INTERFAX]* 16
Central Bank Fails To Intervene in Ruble Crash *[INTERFAX]* 16
Official Says Central Bank in Control of Currency *[INTERFAX]* 17
Central Bank Official on Trend Toward Stronger Ruble *[ITAR-TASS]* 17
Bank Aide Rejects Idea of Fixed Ruble Rate *[SEGODNYA 12 Oct]* 17
Trading Delayed as Bank Checks Ruble Accounts *[ITAR-TASS]* 18
Dollar Rate Falls in Early Trading *[ITAR-TASS]* 18
Ruble Closes at 2.994 to Dollar 13 Oct *[ITAR-TASS]* 18
Ruble Crash Attempt To Deal Yeltsin Serious Blow *[Moscow TV]* 18
Crash Said Fraught With Political Repercussions *[NEZAVISIMAYA GAZETA 12 Oct]* 19
Ruble Crisis Due to 'Deliberate Actions' *[ROSSIYSKIYE VESTI 13 Oct]* 19
Ministry 'Concept' for State Investment *[ROSSIYSKAYA GAZETA 8 Oct]* 20

Space Issues

Mir Station Having Power Supply Trouble *[INTERFAX]* 26
Problem Not Life Threatening *[INTERFAX]* 26

Federal Assembly

Duma Overrules Yeltsin's Veto on Budget Bill *[INTERFAX]* 26
Duma Postpones Vote on Gerashchenko Dismissal *[Radio Rossii]* 26
Duma Plans Probe of Central Bank Role in Ruble Crash *[SEGODNYA 12 Oct]* 27
State Duma Approves Bill on 1995 Budget *[ITAR-TASS]* 27
Liberal-Democrats Demand Early Elections *[INTERFAX]* 27
Duma Rejects Proposal To Discuss MMM Chairman *[ITAR-TASS]* 28
State Duma Approves Anticorruption Law *[ITAR-TASS]* 28
Yeltsin To Meet Federation Council Leaders *[ITAR-TASS]* 28

Regional Affairs

Martial Law Edict Goes Into Effect in Chechnya *[INTERFAX]* 28
Yeltsin Edict on Aid for North Ossetia *[ROSSIYSKAYA GAZETA 12 Oct]* 29

UKRAINE

International Affairs

Russia, Kiev Disagree on Ethnic, Border Issues *[UNIAN]* 32

National Affairs

President Kuchma Appoints New Deputy Ministers *[URYADOVYY KURYER 11 Oct]* 32
Confirmation of Kravchuk's Deputy Status Postponed *[UNIAN]* 32
Report Reviews Change of Government in Crimea *[MOLOD UKRAYINY 11 Oct]* 32

WESTERN REGION

Belarus

National Bank Outlines 1994-95 Money, Credit Policy *[BELAPAN]* 34
Illegal Immigrants Source of Crime, Disease *[ITAR-TASS]* 34

Moldova

Accord on Russian Forces Pullout To Be Signed 21 Oct *[Bucharest Radio]* 34
Council of Europe Delegation Arrives in Chisinau *[ITAR-TASS]* 35

CENTRAL ASIA

Kazakhstan

Tereshchenko Explains Cabinet Resignation *[INTERFAX]* 36
Parliament Approves New Government Appointments *[Almaty Radio]* 36

Kyrgyzstan

Premier Chairs Extraordinary Government Session *[Bishkek Radio]* 36
Government Adopts 3-Year Economic Program *[Bishkek Radio]* 37
Parliamentary Election Campaign Previewed *[ROSSIYSKAYA GAZETA 12 Oct]* 37
250 Leave for CIS Tajik Peacekeeping Duties *[ITAR-TASS]* 37
Trade, Cooperation Agreement Signed With Latvia *[INTERFAX]* 38

Tajikistan

Rakhmonov Holds Meeting on Elections, Referendum *[Dushanbe Radio]* 38
General Says Tajik-Afghan Border Impenetrable *[Moscow Radio]* 38
Foreign Minister Receives CSCE Representative *[Dushanbe Radio]* 38

CAUCASUS

Armenia

Russian Role in Karabakh Stressed During Shumeyko Visit *[Yerevan International]* 39
New Deputy Finance Minister Profiled *[ITAR-TASS]* 39

Azerbaijan

Assembly To Take Month To Decide on Oilfield Contract *[AZERTAC]* 39
CSCE Minsk Group Head Cited on Meeting With Aliyev *[AZERTAC]* 40
Senior Internal Affairs Ministry Officials Dismissed *[ITAR-TASS]* 40
Prosecutor General's Office Relieves Officials *[Baku TV]* 40

Georgia

Demilitarization of Abkhazia's Kodor Gorge Complete *[ITAR-TASS]* 41
Commission Discusses Non-Return of Refugees *[ITAR-TASS]* 41
More Join Anti-Shevardnadze Hunger Strike *[REZONANSI 6-7 Oct]* 41
Leader of Russians in Abkhazia Calls for Aid *[PRAVDA 12 Oct]* 42

BALTIC STATES

Estonia

National Bank President Begins Cabinet Talks *[INTERFAX]* 44

Latvia

Military Commander Views Preparedness *[BNS]* 44
Foreign Minister, Egyptian Envoy Sign Pact *[BNS]* 44

Lithuania

Gylys Advocates 'Pragmatic' Foreign Policy *[BNS]* 45
Premier Receives Polish Delegation *[Vilnius Radio]* 45
UK Official To Inspect Nuclear Power Station *[Vilnius Radio]* 45
Bomb Scare Reported at Vilnius Radio Stations *[Vilnius International]* 45

Caspian Sea States Hold Talks on Cooperation

LD1110165994 Moscow ITAR-TASS in English 1413 GMT 11 Oct 94

[By ITAR-TASS diplomatic correspondent Andrey Serov]

[FBIS Transcribed Text] Moscow October 11 TASS—Representatives of five Caspian states started talks at the Russian Foreign Ministry's dacha near Moscow.

The meeting at the deputy foreign minister level and high ranking diplomats from Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan focuses on cooperation in using various resources of the Caspian Sea.

In reply to ITAR-TASS question, Albert Chernyshev, deputy foreign minister of the Russian Federation who heads the Russian delegation at the forum, informed that an international contract on the development of oil deposits of the Caspian shelf concluded recently in Baku and against which Moscow expressed its protest, will not be discussed at the talks.

A draft of a document on cooperation in the Caspian region was given to participants in the meeting for consideration. According to Albert Chernyshev, this agreement covers a much wider sphere of mutual interests than a separate contract taken alone.

The submitted project shows prospects for cooperation in the field of navigation, fishing, environmental protection and so on. The establishment of multilateral ties in these spheres is a long- term process, the Russian diplomat stressed. It is necessary now to turn the sovereignty of rights into cooperation in the Caspian region, Albert Chernyshev pointed out.

At the proposal of the Kazakh delegation supported by the representatives of Turkmenistan the participants in the meeting in addition to the concept of cooperation will also consider a draft convention on the legal status of the Caspian Sea.

Although concrete forms of cooperation are not the theme of the meeting, the Iranian side expressed its readiness to lay an oil pipeline through the territory of Iran.

The multilateral talks will end on Wednesday.

Karasin Reports on Talks

LD1110212994 Moscow INTERFAX in English 1743 GMT 11 Oct 94

[FBIS Transcribed Text] Senior diplomats of the five Caspian Sea countries: Russia, Iran, Azerbaijan, Turkmenistan and Kazakhstan are meeting in a two day conference outside Moscow to agree on the final draft of a treaty to set up a regional cooperation organization by the littoral states.

The new organization is designed to help resolve all questions relating to the use of the Caspian Sea and its resources, Russian foreign ministry spokesman Grigoriy Karasin said in Moscow on Tuesday.

He said the meeting involves vice foreign ministers of Russia, Iran, Azerbaijan and Turkmenistan as well as the Kazakh ambassador to Moscow.

Karasin said the proposed treaty was a follow up of the idea which was first unveiled and approved at a meeting in Tehran on February 18,1992 called by Iranian President 'Ali Akbar Hashemi- Rafsanjani. The presidents of Azerbaijan and Turkmenistan, vice- premier of Kazakhstan and Russian ambassador to Tehran had met to discuss how to promote regional cooperation.

Eight months later, experts of the five littoral states met again in Tehran to discuss the initial draft proposed by Iran, Karasin said. An agreement was reached to form five committees with responsibility for environmental protection; conservation and use of the local fishing grounds, shipping and sea ports; the Caspian Sea's status; and marine research including the study of causes and control of sea level fluctuations.

Karasin said that one other committee for cooperation in prospecting and development of the Caspian Sea's mineral resources had been added in the amended draft. The committees make up the core of a would be regional cooperation organization, he said.

Karasin said the future of the Caspian Sea which is of vital importance to the littoral states was largely dependent on the outcome of the current meeting outside Moscow.

Only through cooperation and joint decision making will the littoral states be able to preserve the unique sea and its wealth for this generation and those to come, Karasin said. The regional cooperation agreement will give them such a chance, he stressed.

Kazimirov on Nagorno-Karabakh Settlement Outlook

MK1210141094 Moscow ROSSIYA in Russian No. 39, 12-18 Oct (Signed to press 11 Oct 94) p 5

[Interview with Vladimir Kazimirov by Emmanuil Mkrtchyan: "Vladimir Kazimirov: Settlement is Possible. But..."—place, date not given]

[FBIS Translated Text] Vladimir Kazimirov, the Russian president's ambassador at large, whose activities have contributed in a big way to the cause of a settlement in Nagorno-Karabakh, once again went to Azerbaijan and Armenia recently. Our correspondent met with Vladimir Nikolayevich and asked him to answer a number of questions.

[Mkrtchyan] Another round of the Armenia-Azerbaijan talks ended in Moscow recently. Please tell me when

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

both sides' optimistic statements are going to bear real fruit, and the so long- awaited peace will reign in Karabakh?

[Kazimirov] There can be no easy breakthroughs in this conflict because the sides have not yet developed in themselves the ability for mutual concessions. To date, they stubbornly cling to what are at least exorbitant, if not maximalist, positions. The most important thing today is to create constantly an increasingly favorable backdrop for resolving the problems.

[Mkrtchyan] This favorable backdrop is to all appearances the cease-fire reached with Russia's mediation, which has been holding for four months now?

[Kazimirov] Absolutely, but it can be regarded so far as a cease-fire reached halfway. It is not lasting enough since there are no decisions on stopping military operations. I want to point out that at this stage only the military-technical factors work. Either moral or political considerations cannot play a role here.

[Mkrtchyan] How does the Russian side view the CSCE role in settling the conflict? Is there a degree of rivalry between the mediators—Russia and the CSCE—in solving this problem?

[Kazimirov] It has become nearly a norm: When Russia carries out some important measures to settle the Karabakh conflict, it is for these dates that the Minsk CSCE Group schedules its sittings. If I attend these sittings, we have to roll back Russia's mediation efforts. If I do not go there, Russia instantly is accused of unwillingness to cooperate. There are attempts to put on record the CSCE's nearly exclusive role in settling this conflict. This applies to the cease-fire, the recognition of the parties to the conflict, and many other questions.

[Mkrtchyan] Is the CSCE the "shelf" where the international community would like to put the Karabakh issue?

[Kazimirov] You know, I would not want to argue with you here.

[Mkrtchyan] The United Nations does not exactly lavish attention on the Karabakh issue. Why?

[Kazimirov] That pattern took shape back early in 1992. There emerged a sort of "division of labor:" The United Nations thinks this a CSCE issue. But there we spoke against the numerous monopolist tendencies. We had protracted debates with our counterparts from the United States and Turkey. We were trying to persuade the United States to make sure that the Turkish partner is unbiased. In fact, when Turkey defended one side in the conflict, we had to defend the other to uphold justice. Where did the third—American—side go to in the meantime? It had nothing left but to pick on the role of arbiter. We are ready to cooperate very closely and very honestly with the CSCE, but not at the expense of Russia's mediation role.

[Mkrtchyan] Do you think the signing of a big political agreement is possible this year?

[Kazimirov] From the point of view of objective prerequisites, it is, I think. But will these objective possibilities be realized?

ITAR-TASS Carries Press Review for 13 Oct

LD1310080294 Moscow ITAR-TASS in English 0718 GMT 13 Oct 94

["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow October 13 TASS—ROSSIYSKAYA GAZETA carries today an article about the catastrophic plummeting of the rouble exchange rate, entitled "This is Financial and Political Drama" (a phrase from Boris Yeltsin's speech at the Wednesday session of the Russian Security Council). It publishes materials about Yeltsin's meeting with Prime Minister Viktor Chernomyrdin, about the presidential decree on the removal from office of Acting Finance Minister Sergey Dubinin, as well as reports about the response in provinces to the developments of past Tuesday. The response was emphatically negative, because "for the first time during the past several months the changing of the rxchange rate affected the majority of the population." Against this background the statements of Deputy Prime Minister Aleksandr Shokhin that "the dollar will break no more records" and "in the coming days the exchange rate will reach its natural balance point: it will be far lower than the record level, but higher than that of September" sound optimistic.

The echo of the "Black Tuesday", as SOVETSKAYA ROSSIYA described it, is the subject of numerous publications, but one cannot help noticing that all newspapers, irrespective of their orientation, express most profound concern over the consequences of the plummeting of the rouble exchange rate. ROSSIYSKIYE VESTI believes that it is necessary to draw most serious lessons from what has taken place, which are needed for a further advance along the path of the reform. "If the rouble is set absolutely free, scapegoats will be needed soon," KOMSOMOLSKAYA PRAVDA writes, referring to Sergey Dubinin and Chairman of the Central Bank Viktor Gerashchenko. "The rouble exchange rate falls down, but is us who are hurt," PRAVDA points out. "The U.S. dollar is celebrating victory, but what is to be done by the army, which is financed in roubles and not in dollars?" KRASNAYA ZVEZDA asks.

IZVESTIYA tries to explain calmly, without emotions, the root causes of what has taken place. "A stable economy cannot be built with shaky hands", the newspaper's observer Otto Latsis writes. He cited the following figures: This year Russian citizens began to save a remarkably large share of their incomes—17-19 per cent a month instead of 7-8 per cent last year. The skilful financial management of this money could have turn it into the force, capable of starting the financial revival of

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the country. However, people's savings began to be pocketed by all sorts of financial swindlers. It became loss-making to keep the money in Sberbank, and the only way remained: to exchange roubles for dollars.

"We are getting poor, while having enough opportunities to be rich", Sergey Glazyev, chairman of the State Duma Committee for the Economic Policy, said in an interview with TRUD. He stressed that "Russia is quickly acquiring the characteristic features of a country with the colonial type of economy, which is not capable of expanding and developing on its own and which has to exchange the non-renewable natural resources for paying an intellectual rent to industrially developed countries." In other words, Russia is being further drawn into increasing the export of raw materials in exchange for the machinery, needed for its production, and for the consumer goods.

NEZAVISIMAYA GAZETA carries several article on the subject, which is no less alarming than the economic situation in Russia, specifically, the situation in the hotbeds of tension on the territory of the former USSR. One of them is entitled "People Queuing for Bread Brought Under Fire in Tajikistan," another—"Refugees Do Not Believe Security Guarantees" (about Abkhazia), and two more articles deal with the situation in the Dniester region and in Azerbaijan.

NEZAVISIMAYA GAZETA carries as well an article by Aleksandr Kodintsev, entitled "Russians Outside Russia and the National Secutiry of the Russian Federation". He believes that "it is high time we realise that the support for and protection of our compatriots is not only a matter of our moral obligation. It is a matter of survival of the Russian state itself."

KOMSOMOLSKAYA PRAVDA carries a military review by Igor Chernyak, which is entitled "Generals Hold the Line." He quotes the following fact: Soon after the end of Yeltsin's visit to the U.S., the Russian Foreign Ministry sent to all the ministries and institutions concerned a special letter. It contained a list of the countries, with which it is not advisible to maintain scientific and technical cooperation (advanced technologies exchanges). The list included Yugoslavia, Iran, Iraq, North Korea and Zaire, as well as South Africa, which is especially surprising. In this situation "the Russian Foreign Ministry is acting contrary to the national- political interests of the country."

ROSSIISKAYA GAZETA cites grim statistics: by the number of suicides Russia is the third in the world, and by the number of abortions—the first. In the opinion of Nataliya Rimashevskaya, director of the Institute of Socio-Economic Problems of the Population, this is the result of the current socio-economic situation in the country.

KOMSOMOLSKAYA PRAVDA carries an article by its correspondent Lyudmila Ovchinnikova, which gives new details of the life of Leopold Trepper, one of the leaders of the anti-fascist Red Chapel organisation, which were provided by his son Edgar. The interview, given by Edgar Trepper, was the last in his life: shortly after that he had a lethal heart attack. When Leopold Trepper returned from a Stalinist labour camp in 1954 to the family, which was in Moscow at that time, they did not recognise him, because he was so thin and exhausted.

According to IZVESTIYA, preparations for the visit of Queen Elizabeth II of Britain is nearing completion in the Russian capital. Two Rolls Royces of the queen have already been brought to Moscow.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Lukin Terms Iraqi Troop Movement 'Bluff'

LD1210210894 Moscow Radio Rossii Network in Russian 2000 GMT 12 Oct 94

[FBIS Translated Text] Iraq's latest move connected with the movement of troops toward the Kuwaiti border is nothing more than bluff, extremely unsuccessful, and untimely. This was said to correspondents today by Vladimir Lukin, chairman of the State Duma Committee for International Affairs. In his opinion, the present situation is playing into the hands of the present U.S. Administration, since it has allowed the Americans to gain a bloodless victory through its latest demonstration of strength.

As regards the prospects for easing the oil embargo, which Russia has until recently been sincerely seeking, the situation is now becoming noticeably more complex, Lukin noted. It will be extremely difficult to achieve a lifting of the sanctions. This would mean that Moscow would not be able to count on Baghdad writing off its foreign debt.

Iraqi Envoy on Implementing UN Resolutions

LD1210171194 Moscow INTERFAX in English 1432 GMT 12 Oct 94

[FBIS Transcribed Text] Baghdad is ready to take the road of implementing all UN Security Council resolutions on the Persian Gulf, if international sanctions are eased, the Iraqi ambassador to Russia Hasan Fahmi Jum'ah told a Moscow briefing on Wednesday. He stressed the need for immediate clear steps by the Security Council to launch a system of monitoring Iraqi military programs, reduce the duration of sanctions to the minimum and lift the embargo on Iraqi oil exports and imports of vital food stuffs and medicines.

The diplomat believes this should be followed by the removal of the economic blockade of his country. "These are lawful demands and Iraq will not agree to less," the ambassador stressed. He said the period of monitoring cannot be more than six months.

The ambassador said the Iraqi army exercises near the Kuwaiti border were part of routine training of the armed forces and had no purpose of threatening anyone. This is confirmed by the decision of the Iraqi leadership prompted by the request of friendly countries, Russia among them, to withdraw the units involved to their old positions. Security Council members have been notified of the decision, the diplomat said.

Iraqi Envoy Says Sanctions Cost Russia $30 Billion

LD1210161494 Moscow INTERFAX in English 1432 GMT 12 Oct 94

[FBIS Transcribed Text] The four-year economic blockade of Iraq has cost Russia some $30 billion, the Arab country's ambassador in Moscow said.

In the year preceding the introduction of international sanctions against Iraq the volume of its economic cooperation with Russia reached about $7 billion, Hasan Fahmi Ju'mah told a news briefing in Moscow on Wednesday.

He said Baghdad "has met all its commitments under U.N. Security Council resolutions on settlement in the Gulf." "Russia and other countries are aware of this," he added.

Ju'mah said Iraq and Russia had begun talks on "various development projects," Baghdad having offered Moscow orders totaling $10 billion.

Last month the two countries signed seven cooperation protocols, including an accord to set up a joint venture, the ambassador said.

Talks are currently underway in Moscow on Russian participation in projects, "worth billions of dollars," to develop Iraqi oil fields, Ju'mah said.

Official Urges Heading Off Tougher Sanctions on Iraq

LD1210171294 Moscow INTERFAX in English 1432 GMT 12 Oct 94

[FBIS Transcribed Text] Russia must intensify efforts to head off tougher UN sanctions against Iraq following President Saddam Husayn's latest challenge, Deputy Foreign Minister Boris Kolokolov told Interfax on Wednesday.

He said such measures could lead to more suffering on the part of ordinary Iraqis.

Kolokolov said it was also due to Moscow's efforts that Iraq had started pulling troops away from Kuwaiti borders. "We have been informed that all Iraqi troops will return to their deployment sites on Wednesday, October 12," he said.

The Russian diplomat said that the easing of sanctions on Iraq is still on the agenda and that the question has become a priority.

Envoys Bearing 'Very Specific Program' to Baghdad

MM1210161294 Moscow IZVESTIYA in Russian 13 Oct 94 p 3

[Report by Gennadiy Charodeyev: "Two Views of Baghdad: From the Window of the Russian Embassy and From the Upper Stories of Russian Diplomacy"]

[FBIS Translated Text] Despite the complex situation in the Persian Gulf, it was a simple matter getting through to the Russian Embassy in Baghdad. The diplomat who came to the telephone, frightened of being cut off, quickly asked: "What's the dollar rate in Moscow?"

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Having been put in the picture, the embassy staffer made what was clearly his usual pronouncement: "All is calm in Baghdad." In response to IZVESTIYA's request he looked out of the window and said that the streets of the Iraqi capital were calm. People were hurrying about their business and children were playing in courtyards. There were a lot of vehicles on the roads. There was practically nothing that reminded one of the turbulence of Kuwait, where, it was reported on local television, thousands of U.S. soldiers are now massing. To avoid inflaming emotions, Iraqi television is providing brief commentaries on the situation on the Iraqi-Kuwaiti border. Dozens of Western correspondents have gathered in Baghdad, like bees around a honeypot, as our diplomat put it. "There have been no Russians to be seen in recent months for some reason."

IZVESTIYA was unable to talk with the top people in the embassy—they had all gone to the airport to meet a Moscow aircraft. It was carrying Igor Ivanov, Russian first deputy foreign minister, and Viktor Posuvalyuk, director of the Foreign Ministry Near East department. They had come to Baghdad on a peacemaking mission on behalf of Boris Yeltsin.

Grigoriy Karasin, director of the Foreign Ministry information and press department, said that our representatives were bringing a "very specific program approved by the Russian president." Exactly what the program was he would not specify, although he expressed the belief that Russian diplomacy would succeed in preventing "another bout of violence."

In connection with the dangerous developments in the region, Moscow seriously warned Baghdad against any steps that might lead to a further escalation of tension. Saddam Husayn will be told in unambiguous terms that Baghdad should have no doubt about the Russian stance. It is futile to resort to the use or threat of force, Moscow believes.

At the same time, the Russian representatives, in contacts with the Kuwaiti leadership, confirmed our unfailing support for that state's sovereignty and for the relevant Security Council resolutions on demarcation of the Kuwaiti-Iraqi border.

The important thing is, Grigoriy Karasin stressed, that the Iraqi representative at the United Nations stated that his government had given the order to pull the forces back from the border. The Iraqi ambassador in Moscow also conveyed an official letter to the Russian Foreign Ministry confirming Husayn's decision to pull the forces back.

There are around 50 Russian citizens in Iraq at present. They are all in good health and are under the safe protection of the Iraqi police.

Kozyrev Departs for Baghdad, Kuwait

LD1310085994 Moscow ITAR-TASS World Service in Russian 0820 GMT 13 Oct 94

[By ITAR-TASS diplomatic correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 13 Oct—Andrey Kozyrev left for Baghdad today. The working trip of the foreign minister will then continue in Kuwait and possibly other countries of the Middle East. Its aim, as the head of the Russian Foreign Ministry, told journalists before departure, is to unblock the situation in the region of the Iraqi-Kuwaiti border and to direct the development of the situation in the region back into its normal channel.

It is possible that after his visit to the Persian Gulf, A. Kozyrev will go to New York to take part in the meeting of the UN Security Council, where will share his thoughts and impressions about his trip to the Middle East.

Makes Statement Before Departure

LD1310110094 Moscow ITAR-TASS World Service in Russian 1010 GMT 13 Oct 94

[By ITAR-TASS diplomatic correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 13 Oct—At present Russia is against force being used to defuse tension on the Iraqi-Kuwaiti border after Iraq moved its troops into that area. This was stated today by Russian Foreign Minister Andrey Kozyrev before he flew out to Baghdad. The situation almost came to a military conflict, so it is now necessary to defuse the situation and get things back to normal, he said.

However, Moscow believes that in the current situation one must not solely use strong-arm methods that may be used only in response to force, said the minister in a conversation with journalists. If it transpires that the Iraqi leadership is ready to get back to political solutions, the international community must find strength to move away from the policy of force toward a political line, the foreign minister said.

Kozyrev said he hoped that his talks with President Saddam Husayn and his Deputy Prime Minister Tariq 'Aziz will be frank. We are in favor of Iraq completing the withdrawal of its troops to their permanent bases. We think Baghdad should recognize Kuwait under resolution of the UN Security Council. We want the return of missing persons and a defusing of tension in the region, said head of the Russian foreign policy department. Our task is to channel the situation toward positive political steps.

Replying to the ITAR-TASS correspondent's question on the possibility of setting up a kind of "contact group" on the situation on the Iraq-Kuwaiti border, Kozyrev announced that there is no question of this as yet, but all questions are being tackled at the level of the UN Security Council. He said that on Wednesday he had had telephone conversations with his French counterpart Alain Juppe and U.S. Secretary of State Warren Christopher. Both Russia and France, in the minister's testimony, have very close approaches to a settlement of the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

situation in the area of the Iraq-Kuwait border. At the same time the positions of Moscow and Washington do not coincide, to put it plainly, on everything, the Russian foreign minister said. But our countries have unity as regards the impermissibility of an outburst of war.

The actions of the Baghdad leadership, in the words of the head of the Russian foreign policy department, have inflicted damage upon the efforts undertaken by Russia, France, China, and some other states in the UN Security Council on preparing the ground for lifting anti-Iraqi sanctions. We were about to discuss the question of alleviating sanctions vis-a-vis Iraq in the Security Council, and I still think that when the situation returns to normal this question should be returned to without driving any of those involved in the crisis into deadlock, but all the time showing the prospect of emerging from it, Kozyrev noted.

He also said that after Baghdad he would be visiting Kuwait and, possibly Saudi Arabia and the United Arab Emirates. It has not been ruled out that from the Persian Gulf region Kozyrev will set off for New York to take part in the UN Security Council session, where he may share his thoughts and impressions of his Near East trip. This will be, if not a meeting of the "contact group", then a session of the Security Council at a higher level than usual, because the heads of the foreign policy departments of a number of other states may also come to New York, the head of Russian diplomacy noted.

Saddam Husayn Receives First Deputy Foreign Minister

LD1310033594 Moscow Mayak Radio Network in Russian 0300 GMT 13 Oct 94

[FBIS Translated Text] The President of Iraq has received Russia's first deputy minister of foreign affairs in Baghdad. Today, Andrey Kozyrev, the head of the Russian Ministry of Foreign Affairs is arriving in the Iraqi capital.

Russia informed the permanent members of the Security Council about Kozyrev's peacekeeping mission in the Persian Gulf region.

Iraqi Delegation in Moscow To Discuss Oil Cooperation

LD1210132894 Moscow ITAR-TASS in English 1216 GMT 12 Oct 94

[By ITAR-TASS correspondent Igor Ivantsov]

[FBIS Transcribed Text] Moscow October 12 TASS—A working delegation from Iraq is now in Moscow to work through questions concerning cooperation with Russian oil-producers, according to Russia's Fuel and Energy Minister Yuriy Shafranik.

The aim of the current working visit is to specify the approaches of Russia and Iraq to a number of projects to be implemented in Iraq after the U.S. [as received] sanctions against that country are lifted, at least partially.

The Russian minister expressed confidence that this was likely to happen soon after the present situation on the border between Iraq and Kuwait is settled.

Apart from cooperation as a whole, the two delegations to negotiations in Moscow discussed details of implementing five major projects relating to the development of new oil fields on Iraqi territory.

Kozyrev Lauds 'Stable' Ties With Iran

LD1210105994 Tehran IRNA in English 0911 GMT 12 Oct 94

[FBIS Transcribed Text] Moscow, Oct. 12, IRNA—Russian Foreign Minister Andrey Kozyrev Tuesday termed Tehran-Moscow ties as stable and good.

He made the remark in a meeting with the visiting Iranian Deputy Foreign Minister for Euro-America Mahmud Va'ezi who is currently here for the meeting of the representatives of five littoral states of the Caspian Sea and for talks with Russian officials.

Stressing the need for expansion of mutual ties, he said that neighbors should settle their problems themselves.

Kozyrev also officially invited his Iranian counterpart 'Ali Akbar Velayati to visit Moscow.

Turning to the recent peace talks on Tajikistan in Tehran, he said that Iran's efforts and diplomacy led to the signing of the ceasefire agreement.

The Russian foreign minister underlined cooperation between the two countries for the settlement of Tajikistan crisis and establishment of lasting peace in that country.

Kozyrev said that littoral states attach great importance to the Caspian Sea, therefore, interests of the littoral countries should be safeguarded in the framework of mutual cooperation.

Va'ezi expressed pleasure with the trend of Tehran-Moscow ties and stressed that the two countries can have regional and mutual cooperation through reciprocal trust.

He termed the Tajikistan ceasefire agreement which was signed through the efforts made by Iran and Russia as a good sample of mutual cooperation for the establishment of peace in the region.

The Iranian official lauded the ceasefire in Karabakh and underlined the need for continuation of consultations in this connection.

Va'ezi touched on developments in Bosnia-Herzegovina and voiced Iran's readiness to carry out constant consultations with Russia on that issue as well.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

He said that the Caspian Sea should become a factor for unity among regional countries.

The Iranian deputy foreign minister also called for consolidation of Tehran-Moscow economic ties especially through further cooperation of private sectors of the two countries.

Fuel Ministry Supports Caspian Oilfield Development

LD1210153494 Moscow ITAR-TASS in English 1318 GMT 12 Oct 94

[By ITAR-TASS correspondent Igor Ivantsov]

[FBIS Transcribed Text] Moscow October 12 TASS—The Russian Fuel and Energy Ministry supports the project to develop oilfields on the Caspian Sea shelf, Minister Yuriy Shafranik told ITAR-TASS today. The minister noted that it would be a big mistake for Russia to distance itself from participation in the project.

The Russian Fuel and Energy Ministry favours an active participation of Russia in international projects, particularly in Commonwealth member-countries.

According to Shafranik, difficulties with the Caspian Sea international status can be overcome as evidenced by successful work to develop a project on the establishment of a coordinating committee of the Caspian states. According to Shafranik, a document establishing this inter-governmental body to supervise use of Caspian mineral riches is practically ready. The committee will become a coordinating body, supervising not only the activity of the consortium of international oil companies which signed an agreement on the development of the Caspian shelf oil fields, but also other projects in the region.

Its activity will continue until the international status of the Caspian Sea is determined fully and clearly.

The activity of the coordinating committee will permit taking a fuller account of the interests of all countries washed by the Caspian Sea in such areas as the development of subsoil and subsea resources and the working out of criteria acceptable to all parties concerned.

Kozyrev: No Ground for Contradictions With Azerbaijan

LD1210175894 Moscow INTERFAX in English 1631 GMT 12 Oct 94

[From the "Diplomatic Panorama" feature: Reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] There are no grounds to speak about acute contradictions between Russia and Azerbaijan, Russian Foreign Minister Andrey Kozyrev said in Moscow on Wednesday at the meeting with deputies foreign ministers of the Caspian states (Russia, Azerbaijan, Iran, Turkmenistan and Kazakhstan).

He said that on Wednesday before the meeting Azeri President Geydar Aliyev telephoned him. They agreed that the Caspian Sea is the common property of the Caspian countries. There is no need to raise tensions around the oil agreement between Azerbaijan and the international oil consortium, said Kozyrev. It is necessary to work out common rules and mechanisms for the use of the rich resources of the Caspian Sea.

The minister said that at the meeting in Moscow representatives of the Caspian states achieved a certain progress in coordinating the agreement on regional cooperation in the Caspian Sea. This is an example that the theoretical discussions and political speculations get a worthy response in terms of the concrete work, said the minister.

Kozyrev said that all new Caspian states are legal successors of the Soviet Union. This means that all of us must implement the Soviet-Iranian agreements, said Kozyrev bearing in mind the agreements of 1921 and 1940 determining the regimen of the use of the Caspian Sea.

Kozyrev said that it is inadmissible to take decisions on the Caspian Sea unilaterally. The decisions should be joint, he said.

Deputies Shocked By 'Cruelty' of Bosnian Muslims

LD1210193294 Moscow Mayak Radio Network in Russian 1830 GMT 12 Oct 94

[FBIS Translated Text] Russian parliamentarians are shocked by the cruelty of the Bosnian Muslims who have committed the atrocious murder of Serbs in Bosnia, Vladimir Lukin, chairman of the State Duma's Committee for Internatonal Affairs, told correspondents. He expressed his condolences to the families of those killed. At the same time, according to him, the continuing application of double standards in appraising the activities of the Bosnian conflict is equally revolting. The West seems not to have noticed the crime which has been committed, and for some reason nobody has raised the issue of imposing sanctions or applying more resolute measures to the guilty side, Lukin noted.

Arms Trade Group Denies Brazilian Tank Sales

MK1210130094 Moscow SEGODNYA in Russian 12 Oct 94 p 1

[SEGODNYA report: "'Rosvooruzheniye' Does Not Plan To Sell Tanks to Brazil"]

[FBIS Translated Text] Viktor Samoylov, general director of the "Rosvooruzheniye" State Company, has denied reports that Brazil and Russia are holding talks on selling Russian tanks. According to Mr. Samoylov, for the time being the issue is only air-defense systems. Mr.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Samoylov said this at a lunch Andrey Kozyrev gave yesterday in honor of his Brazilian counterpart, Selsu Amorin. The minister, in turn, noted that Brazil does not spend more than 0.4 percent of its GNP on arms purchases. INTERFAX reported 10 October that a Brazilian Defense Ministry mission signed a protocol of intention with the "Zavod Transmash" association in Omsk on purchasing "up to 300 T-72 tanks."

Rybkin Meets With Brazilian Foreign Minister

LD1210214594 Moscow ITAR-TASS in English 1838 GMT 12 Oct 94

[FBIS Transcribed Text] Moscow October 12 ITAR-TASS—Under current economic conditions, the government must "have a large reserve list of substitute finance ministers and chairmen of the Central Bank", Ivan Rybkin, chairman of the State Duma, told visiting Brazilian Foreign Minister Selso Nunes Amorim on Wednesday.

The two parties paid much attention to the situation which emerged at the Russian hard currency market after Tuesday's ruble crash.

The State Duma's press service quoted the Brazilian foreign minister as saying that he wishes that Russian lawmakers draw up "their own effective plan for stabilizing economic situation in Russia".

The future of development of interparliamentary relations between Russia and Brazil was also discussed.

The two parties came to the unanimous conclusion that such exchange would be beneficial to both the countries.

Chilean Air Force Chief Interviewed on Ties

MM1210132994 Moscow KRASNAYA ZVEZDA in Russian 12 Oct 94 p 3

[Interview with General of Aviation Ramon Vega, Commander in Chief of the Chilean Air Force, by RIA NOVOSTI Correspondent Vladimir Dunayev: "Chilean Commander in Chief Arrives in Moscow to Establish 'Magic Bridge'"—first paragraph is introduction]

[FBIS Translated Text] During the FIDAE-94 International Aerospace Show in March this year, in which Russia took part for the first time, Gen. Ramon Vega, commander in chief of the Chilean Air Force, flew in an Su-30. "For me, as an airman, it was a great honor to fly a plane with such characteristics and capabilities," he stated after the flight. Now, on the eve of his visit to Russia at the Defense Ministry's invitation, the general shares his thoughts on future cooperation.

[Dunayev] How do you regard the present state of relations between the Chilean and Russian air forces and the prospects for their development?

[Vega] Even though it has not been long since our first contacts with the Russian Air Force during the FIDAE-94 show, we have established good relations which should be developed further. I believe that the high level of development of Russia and its Air Force is of very great significance for us. It is important for the Chilean Air Force to intensify contacts with the Russian Air Force so as to be able to identify more precisely those spheres where we can cooperate successfully. I regard the prospects for development with great optimism and we must make use of that potential.

[Dunayev] In your opinion, in what spheres is cooperation between the two countries' Air Forces feasible?

[Vega] I think that it is difficult to give a concrete answer to that question right now because we are only just getting acquainted. There are certain technical differences which we must examine and assess, both in regard to the Air Forces themselves and to the aviation industry. I am talking about two quite different spheres here: professional relations between the two Air Forces as branches of armed forces and relations among enterprises. We must examine the possibility of cooperation among aviation plants and familiarize ourselves with the technology.

[Dunayev] In conversation with journalists here once you mentioned the possibility of creating joint ventures in the aviation industry. How realistic is that suggestion?

[Vega] Yes, we made some very preliminary enquires of that kind in connection with the participation of Russian hardware in FIDAE-94. Too little time has elasped since then for us to become acquainted with the hardware in greater depth or detail. The Russian equipment is different from the equipment that we use. These differences must be carefully studied. Generally speaking opportunities for cooperation exist, of course. The exchange of technology will undoubtedly be positive for the development of Chile and all the Latin American region.

[Dunayev] With regard to cooperation with Russia you mentioned the concept of a "regional aircraft." Can you tell us about that in greater detail?

[Vega] This is very personal definition not based on a study of the market. But I think that a medium-range aircraft will be necessary in the very near future both for Chile's interregional integration and for reciprocal exchange with our neighbors. The integration process at both national and regional level will develop fairly intensively. In the process of economic development I also see a great need for a helicopter with a large cargo capacity which could take part in forestry work, the laying of pipelines, highway work, and so forth. Russia has equipment of that kind—a medium-range plane and a heavy helicopter. This is one area of interest in the talks during our visit.

[Dunayev] The local press often carries reports on the possible inclusion of Chileans in the Russian international space flight program. What can you tell us in that regard?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Vega] The modern world is changing extraordinarily fast, largely due to the development of communications systems which make instant comunications possible and that is entirely because of the use of space. Chile cannot stand aside from what is a universal process and that is why our Air Force is elaborating its own space communications program known as Alphasat. We have had talks with Russian specialists. As for possible cooperation in space I can tell you that we want the implementation of our space communications program to be the first step. Then, after a certain preparation, we will be able to talk about other stages of cooperation.

[Dunayev] During FIDAE-94, you answered a question on the possible purchase of Russian warplanes: "There are aviation school cadets present here, perhaps they will fly these planes." Is that still your view on the eve of the visit to Russia?

[Vega] Your planes are top class. Any country's air force would be proud of such planes. All air forces must be updated. But it is very complex to integrate different equipment into the Western systems which we have. Each system has its own characteristics. All its elements must be compatible with a certain system of standards and greater standardization makes it possible to cut costs. The contacts which we are just beginning to develop will make it possible to have a clearer idea of the very matter that you are asking about. Eventually we will have greater understanding here. The most important thing is to establish this "magic bridge" which will unite us, make integration possible, and in talks will facilitate a more detailed acquaintance with this subject matter and a clearer idea of our potential.

Russia Looks Forward to New Era of DPRK Relations

SK1310031294 Moscow Radio Moscow in Korean 1200 GMT 12 Oct 94

[FBIS Translated Text] Today [12 October] marks the 46th anniversary of the establishment of diplomatic relations between the Soviet Union and the DPRK.

In an interview with a station reporter, (Yalary Borisov), deputy director of the First Asia Bureau of the Russia Foreign Ministry, said the following:

Diplomatic relations between our country and the DPRK were set up on 12 October 1948. Since then, many years have passed. Relations between the two countries were not always smooth [sunjorowotton kosun animnida]. Today, however, Moscow and Pyongyang are looking forward to building new relations unhindered by ideology.

I cannot but express satisfaction over the fact that the two countries have established complementary relations of amity and neighborhood. Respecting each other's internationally-recognized principles of not interfering in each other's sovereignty and domestic affairs and respecting the freedom to choose its own social systems, form the basis for such relations.

When Deputy Foreign Minister Aleksandr Panov visited the DPRK as a special envoy of the Russian president, Moscow and Pyongyang acknowledged the necessity to promote overall relations. Having accumulated the experience of cooperation in various fields, Russia and the DPRK have high chances of promoting the relations in a full- fledged manner in other fields as well. To begin with, the two countries should push ahead with political dialogue.

The two countries have reached a consensus to increasingly invigorate consultations and talks in the diplomatic and trade fields and to build up the legal basis for improvement in bilateral relations.

Many things must be done to overcome economic and trade setbacks. It is true that there are many difficulties in trade relations that need to be overcome. The two countries should promote cooperation on problems of debt payment and peaceful transition of atomic power. All these problems are expected to be dealt with at the meeting of government delegations slated to be held in Pyongyang at the end of October.

Russia has consistently supported the peaceful reunification of the North and South and will continue to do so. Emergence of a single state on the Korean peninsula totally meets the interests of Russia since it will help the stability of Russia's Far East region. [hanbandoe han kukkaga natanage toenungosun russiaui ihaegwangyeedo puhaptoel kosimnida. kugosun russiaui kuktong chibang anjonedo toumi toelgosigi ttaemunimnida]

Russia satisfactorily accepts [manjoksuropke padadurigo itta] the Geneva talks between the DPRK and the United States over the nuclear issue. Russia intends to constructively dedicate itself to consolidate nonproliferation of nuclear weapons on the Korean peninsula. We also hope to directly participate in the nuclear program to replace the graphite-moderated reactors with light-water systems.

Russia firmly believes that only an international meeting can resolve the North Korean issue as a whole. Russia once proposed the convocation of the international meeting to discuss denuclearization of and stability on the Korean peninsula. The proposal is still valid.

With a background of 46-year-old relations, Moscow and Pyongyang can overcome obstacles and establish new relations of amity in accordance with mutual interests. The new relations will be of great help not only to the peace and stability on the Korean peninsula but also to East Asia.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Political & Economic Issues

Yeltsin 'Special Statement' on Ruble Crisis

LD1210143394 Moscow Russian Television Network in Russian 1255 GMT 12 Oct 94

[Unscheduled program with caption: "Special Statement by Russian President Boris Yeltsin"]

[FBIS Translated Text] Boris Yeltsin has made a special statement on the collapse of the ruble rate.

[Begin Yeltsin recording] The collapse of the rate of the ruble is an emergency situation. This is either subversion or extreme irresponsibility and negligence by a few people who have organized it. It is a threat to the national security of our state on which it is appropriate to make a statement precisely here at the Security Council.

Everything that has been achieved by huge effort for financial stabilization in the past half year cannot be thrown to the winds. It cannot be allowed that the population pay for the gross miscalculations of the government and Central Bank.

Only yesterday necessary instructions were given to the government and some departments concerning a number of crucial measures. Preliminary analysis drew the conclusion of the need to set up a state commission to investigate this emergency situation and explain to what extent the fall in the rate of the ruble is connected with objective economic processes or political shortcomings or, more likely, irresponsibility on the part of some individuals who failed at this time.

Since the situation is intolerable, the population is alarmed, and since direct responsibility lies with the Central Bank and the Ministry of Finance, I took the decision and I signed an edict on the dismissal of Finance Minister Dubinin. Also, by agreement with the State Duma chairman Rybkin I sent a message to the State Duma proposing the dismissal of the Central Bank chairman Gerashchenko from his post.

The Security Council should undoubtedly be engaged in situations of this kind. Therefore I am instructing Oleg Ivanovich Lobov, secretary of the Security Council, to head the state commission. It must include professional and objective people who are not involved in and not party to any of these matters. It is necessary to have a representative of the apparatus of the president and of the Federal Counter-Intelligence Service [FCS] working in the commission. And FCS chairman Stepashin is to be appointed deputy chairman of the state commission. He has already started working on this since yesterday. I am charging the commission with carrying out the investigation in the space of a few days, three at the most. In three days, say, on Saturday, the Security Council will meet to hear the outcome of the commission's work and draw appropriate conclusions. [end recording]

The investigation and punishment, the president said, will concern everybody, regardless of rank.

[Begin Yeltsin recording] Everybody without exception is accountable to the Security Council. I would like to let the people of Russia know that they should remain calm and not panic. Measures which are now being taken will be considered today and tomorrow, 24 hours a day. [end recording]

At this moment and during these days it will be important to stabilise the ruble rate by all means possible.

[Begin Yeltsin recording] And the main thing is that any sharp price rises must be prevented. This will not be allowed on any account. [end recording]

Vavilov Appointed Acting Finance Minister

LD1310074094 Moscow ITAR-TASS World Service in Russian 0712 GMT 13 Oct 94

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Translated Text] Moscow, 13 Oct—Andrey Vavilov has been appointed acting Russian finance minister on the instructions of the head of the Russian Government, Viktor Chernomyrdin. He previously occupied the post of first deputy head of the Russian Finance Department. First Deputy Prime Minister Oleg Soskovets reported this today while opening the government session.

Yeltsin Recalls Fedorov for Possible Offer

LD1210210494 Moscow Russian Television Network in Russian 2000 GMT 12 Oct 94

[FBIS Translated Text] Ex-Finance Minister Boris Fedorov has cut short his trip to London and is returning to Moscow quickly at President Yeltsin's request in order to have a private talk with the Russian president, according to the Postfaktum agency. Observers in Moscow believe that Fedorov will be offered the post of chairman of the Central Bank. Meanwhile, it is unlikely that Fedorov will agree to return to Chernomyrdin's cabinet.

The chances of the Duma agreeing to dismiss Viktor Gerashchenko are slim. Ivan Rybkin has told Interfax that Gerashchenko may resign of his own accord, without waiting for the Duma's decision.

New Appointments Expected in Administration

LD1210132494 Moscow ITAR-TASS in English 1237 GMT 12 Oct 94

[By ITAR-TASS correspondent Tamara Zamyatina]

[FBIS Transcribed Text] Moscow October 12 TASS—Presidential chief of staff, Sergey Filatov, has confirmed a possibility of a reshuffle and new appointments in the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

president's administration in an interview with ITAR-TASS today. Filatov said that the president had made this clear at a news conference in the Kremlin on October 4.

Filatov believes that the positions of state bodies in charge of legal issues, headed in recent months by Ruslan Orekhov, have weakened. Filatov reminded of the fact that the post of the head of the control department under the Russian president, which had been occupied by Aleksey Illyushenko prior to his appointment as acting prosecutor general of the Russian Federation, remains vacant.

"All departments of the president's administration are in a stage of being raised to a higher level," Filatov said. As for the resignation of presidential aides reported to be about to resign after Boris Yeltsin had not included them in the delegation to visit the United States, all of them remained in their posts and the situation had been settled by now, Filatov said.

Duma Votes Against Discussing Gerashchenko

LD1210171794 Moscow INTERFAX in English 1432 GMT 12 Oct 94

[FBIS Transcribed Text] The State Duma voted 118 to 8 against holding discussions on the resignation of Central Bank Chairman Viktor Gerashchenko in line with Yeltsin's proposal.

Only two faction leaders—Yegor Gaydar (Russia's Choice) and Vladimir Zhirinovskiy (the Liberal-Democratic Party) voiced their support for immediate consideration of the issue. The rest of the deputies believe that this question must be discussed by the budget committee first and then be submitted to the State Duma, simultaneously with the government's report, presumably on October 19.

Speaker Ivan Rybkin proposed that the parliament budget committee immediately begin discussing this question so that on October 13 at 18:00, the State Duma Council might decide when the question of Gerashchenko's resignation might be considered.

Rybkin Says Gerashchenko Recognizes Mistakes

LD1210160494 Moscow ITAR-TASS World Service in Russian 1345 GMT 12 Oct 94

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Translated Text] Moscow, 12 Oct—The Ministry of Finances and the Russian Central Bank manifested carelessness in allowing yesterday's "collapse" of the ruble rate, believes State Duma Chairman Ivan Rybkin. He informed correspondent about this during an interval in today's Duma plenary sitting.

He noted that the situation could have been avoided by using available currency reserves. Ivan Rybkin stressed that Central Bank Chairman Viktor Gerashchenko "is a world-class banker, and fully recognizes the mistake he has made."

Speaking about the fact that the Duma may support the proposal by the Russian Federation president regarding the dismissal of Viktor Gerashchenko, Ivan Rybkin observed that the Central Bank chairman "could himself decide to resign."

Bank Chairman Gerashchenko Rejects Resignation

LD1310140694 Moscow ITAR-TASS World Service in Russian 1300 GMT 13 Oct 94

[By BUSINESS-TASS]

[FBIS Translated Text] Moscow, 13 Oct—"At the moment I do not see any reason to resign," said chairman of the board of the Russian Central Bank, Viktor Gerashchenko. He made this statement today, following the sitting of the State Duma budget committee, which had considered dismissal of the Bank's chief.

Viktor Gerashchenko said he is satisfied with the results of today's trading at the currency exchange, where the dollar continued to fall. However, he said, nobody can say what the real value of the ruble should be. As a whole, its fall was quite smooth, perhaps even slow in the first half of the year. Now it has speeded up, but thus far I cannot understand the Tuesday plunge.

Next week, Gerashchenko said, will show how effective the newly- introduced system of paying cash in advance of purchasing currency at the exchange will be.

The chairman of the Central Bank board said he is concerned at the fact that "political passions are being whipped up around the fluctuation of the ruble. I, as a person who is far removed from politics, cannot understand this."

Viktor Gerashchenko believes that it is not possible to forecast whether the dollar will fall any further. "It is impossible to say what the genuine price of the dollar should be. So I do not engage in this speculation," he concluded.

Aleksandr Zhukov, a member of the budget committee of the State Duma, said the committee will get back to the question about the chairman of the Central Bank board after the state commission for the investigation of the causes of the sharp destabilization at the financial market reaches its conclusions.

On Monday, a Finance Ministry representative will be invited to the meeting of the budget commission. He will give some additional information.

Yeltsin, Chernomyrdin Discuss Financial Problems

LD1210154994 Moscow ITAR-TASS World Service in Russian 1511 GMT 12 Oct 94

[FBIS Translated Text] Moscow, 12 Oct—A meeting took place in the Kremlin today between President Boris

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Yeltsin and Prime Minister Viktor Chernomyrdin. Pressing problems linked to the situation in the country's financial system in connection with the fall of the ruble's exchange rate were discussed, the press service of the Russian Federation president reported.

Chernomyrdin Interviewed on Currency Situation

LD1210211094 Moscow Ostankino Television First Channel Network in Russian 1800 GMT 12 Oct 94

[Interview with Prime Minister Viktor Chernomyrdin by Nataliya Chernyshova in Moscow on 12 October following Chernomyrdin's meeting with President Boris Yeltsin—recorded; from the "Novosti" program]

[FBIS Translated Text] [Chernyshova] Viktor Stepanovich, would you assess the situation that has come about in the currency market as a natural development, a miscalculation by the government, or malicious actions by certain commercial structures?

[Chernomyrdin] I do not, of course, want to say that it is the result of malicious actions by certain or a few commercial structures. That is not what I want to say and to think. Probably this does apply to some extent, but I have not put this slant on matters. I would not like to give such an assessment. Plainly there have been miscalculations in this matter by the government and the Central Bank—perhaps even the other way around, by the Central Bank and the government—by both of them. That is to say, it is a combination of many factors that has brought this about.

[Chernyshova] Will you be able to get back to your initial position and maintain a 7-10 percent inflation rate? Or will the end of the year bring...

[Chernomyrdin, interrupting] The figure is 7-9 percent. We shall do everything possible to stay only within these limits.

[Chernyshova] Viktor Stepanovich, the president has set out his program of action. What will be the program of the executive power, that is to say, the government?

[Chernomyrdin] I must tell you that the program of action, these actions, are contained in the 1995 Budget Law. These actions that we have decided on and outlined and which to some extent the president mentioned when he spoke of a toughening of economic reforms will also be by no means popular and probably not the exact option that many people want. This is not at all what many people want. But I am convinced that we shall do precisely what our people and our country need. We shall now sort out a solution with the banks and the exchange and we shall at least bring order to the sphere of payments. We shall no longer be able—we have already in point of fact declared that it is no longer possible now—to buy currency on credit. First of all it is necessary to present one's rubles. I believe that the Central Bank should have perceived all these things. This should not have been allowed.

[Chernyshova] Will pursuing the stabilization of the ruble vis a vis the dollar not lead you into spending the country's entire hard currency reserve?

[Chernomyrdin] No, this will not happen! We shall not overspend anything.

[Chernyshova] Everyone is concerned about prices. They have already gone up. Tomorrow they will go up even more.

[Chernomyrdin] Firstly, I would like to ask everyone who has anything to do with this, even if such a disorder in prices begins, I don't think that this will get us very far or get us anywhere. Of course, today we cannot restrain anyone. We cannot rock the country now. It is understood that we cannot do this. You understand that once again I cannot fail to mention political matters here. Some one would very much like to, you understand. The situation has begun to stabilize a tiny bit in political terms. We never allowed even the October events to rock anything. Well, they have found the moment, caught it, seized it. You understand, that is why I am saying that the government here must of course keep an eye on everything and keep everything under control. But they have found a chink to get into, to get a hold and start up something. This is not fair. Firstly, this is not fair towards out people.

[Chernyshova] Well, is this a substantial blow?

[Chernomyrdin] I think that there will not be a substantial blow. This is what some would like: inflicting a substantial blow. There will not be a substantial blow!

[Chernyshova] Thank you.

Chernomyrdin To Resume Holiday in Sochi

LD1210173194 Moscow ITAR-TASS World Service in Russian 1548 GMT 12 Oct 94

[By ITAR-TASS correspondent Irina Shchegoleva]

[FBIS Translated Text] Sochi, 12 Oct—Russian Premier Viktor Chernomyrdin plans to return to Sochi from Moscow this evening and continue his holiday until approximately 21 October.

An ITAR-TASS correspondent learned this from well-informed sources. Sources in Sochi do not as yet possess any information on whether or not the head of the Cabinet intends to hold any working meetings or conferences during this period.

Russia's Choice To Support Fedorov as Bank Chairman

LD1210172194 Moscow INTERFAX in English 1432 GMT 12 Oct 94

[FBIS Transcribed Text] The State Duma's Russia's Choice faction backed President Yeltsin's proposal on removing Central Bank Governor Viktor Gerashchenko

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

from his post and will vote for this proposal, faction leader Yegor Gaydar announced.

He told journalists after the State Duma morning session, which was attended by Gerashchenko and acting Finance Minister Sergey Dubinin in view of the sharp fall of the ruble, that the Central Bank managers must share the responsibility for what has happened in light of their failure to raise discount rates on time and their failure to take other stabilizing measures.

Speaking about the dismissal of Dubinin, Gaydar described him as a skilled specialist and an honest man who had done everything he could to prevent the extension of credits last summer.

According to Interfax sources, the Russia's Choice faction will support the candidacy of former finance minister Boris Fedorov to the post of Central Bank governor. Fedorov is currently on a business trip abroad.

Democratic Russia Favors Government Renewal

LD1210135794 Moscow ITAR-TASS World Service in Russian 1050 GMT 12 Oct 94

[By ITAR-TASS correspondent Lyudmila Aleksandrovna]

[FBIS Translated Text] Moscow, 12 Oct—The Democratic Russia Federal Party [DRFP], whose founding conference was held on 8-9 October, is calling for a major renewal of the government, although it is not in favor of its dismissal. Lev Ponomarev and Galina Starovoytova, who jointly chair the DRFP, announced this at a news conference at the State Duma today.

Competent representatives of different democratic forces should join the government, Starovoytova explained, from social democrats to liberal conservatives, from Yegor Gaydar's Russia's Democratic Choice to Grigoriy Yavlinskiy's Yabloko faction, and also representatives of the DRFP itself. They said that those in Democratic Russia would specifically welcome the inclusion in the government of Yegor Gaydar, Boris Fedorov, Grigoriy Yavlinskiy, and Irina Khakhamada.

The DRFP co-chairs regard their party as being of the "center right." "We are just slightly to the left of Russia's Democratic Choice, but somewhat to the right of Yabloko," Galina Starovoytova explained.

The DRFP leaders gave their assessment of the ruble's collapse in a statement which they circulated. "We do not rule out the possibility that what happened was the result of deliberate actions by forces that have an interest in destabilizing the political situation in Russia in order to replace those in power," the document observes. "That could only mean the suspension of democratic reforms in Russia."

Communists Not To Insist Government Resign

LD1210134194 Moscow INTERFAX in English 1221 GMT 12 Oct 94

[FBIS Transcribed Text] The steep fall of the national currency is a step aimed at removing the current government and replacing it with another one and one should carefully analyze who stands to benefit from this. This opinion was expressed to Interfax on Wednesday by Russian Communist leader Gennadiy Zyuganov.

He said the Communist group in the Duma will not insist on the resignation of the government before a cabinet report. Meanwhile, Communist experts are analyzing the dynamics of the ruble rate.

Zyuganov thinks there is a certain link between the worsening of the situation in the currency market and the declaration of President Boris Yeltsin after his American visit about the possible tightening of economic strategy.

The Communist leader thinks the fall of the ruble benefits those who sell raw materials for hard currency and have accumulated large sums in dollars, while it hits all other Russian citizens, especially those who have never seen a dollar banknote as well as small and medium-sized businesses, he pointed out.

Zyuganov predicted that the further fall of the ruble might completely ruin government-owned companies that will be forced to raise wages and consequently the cost of the already uncompetitive domestic goods.

'Democratic Russia' May Support Yeltsin

LD1210160994 Moscow Radio Rossii Network in Russian 1400 GMT 12 Oct 94

[FBIS Translated Text] Galina Starovoytova and Lev Ponomarev, well-known public figures, announced at a press conference in Moscow on Wednesday that a new federal party, Democratic Russia, had been set up. Both leaders of Democratic Russia called upon democratic forces to unite as soon as possible in order to nominate a single candidate to the post of president at the next elections. The name of Boris Yeltsin was not ruled out, but on condition that he should comply with a number of requirements, such as vigorously resisting the comeback of neo-nomenklatura, stepping up the struggle against the omnipotence of bureaucrats, and renouncing relapses into imperialist policies towards the near and far abroad. This was a RIA report.

Dubinin Links Ruble Collapse to Major Subsidies

LD1210130094 Moscow ITAR-TASS in English 1208 GMT 12 Oct 94

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow October 12 TASS—Sergey Dubinin, the Russian finance minister who was

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

sacked by the president on Wednesday for an unprecedented collapse of the rouble, linked the panic on the currency exchange to major recent subsidies to defence enterprises and agriculture and warned the government and parliament that the rouble may fall even lower without urgent stabilisation measures.

He told a session of the State Duma on Wednesday that his ministry had recently and considerably financed defence orders and agricultural programmes after which "the season peak of payments coincided with the season peak of inflation".

"Now we have to decide what we want—either stabilisation of finances or further subsidies to bankrupt enterprises", the sacked minister said.

"If the government and the State Duma do not take decisive measures to stabilise the financial market, then the events similar to the all-round collapse of the rouble will reoccur soon in a worse form", Dubinin warned.

He told parliamentarians that he had warned about the possible collapse of the rouble in advance. The situation could have been kept under control, but "rumours about a change in the economic course sent the financial market into panic", he said.

Dubinin defended the 1995 draft budget compiled by his ministry as, according to him, it aims to curb inflation to two per cent a month.

"If this measure is not supported, no short-term actions will help and the rouble will continue to fall", Dubinin said and blamed the absence of a clear economic strategy for the financial collapse.

If there were a strategy which the population would trust, the rouble would not divenose, according to him.

Dubinin Warns of New Ruble Fall; Views Events

LD1310090294 Moscow 2x2 Television in Russian 0730 GMT 13 Oct 94

[FBIS Translated Text] Sergey Dubinin, the former acting finance minister, warned of the possibility of a new fall in the ruble if the government and State Duma do not take decisive measures. Talking about his view of the events of the past few days which led to his dismissal, Sergey Dubinin said the following:

[Begin Dubinin recording] It is simply terrible for those people who bought dollars at exchange points, thinking that they would save their money from losing value. Now this may indeed be a real blow. I tried many times this week, about five times, speaking through the media, to warn about this rush. I do not know what came of this, whether anyone heard me or not. [end recording]

Dubinin Calls For Measures To Curb Inflation

LD1210172994 Moscow INTERFAX in English 1432 GMT 12 Oct 94

[FBIS Transcribed Text] The ruble could repeat its sorry Tuesday's performance unless the Government and Federal Assembly take decisive measures to straighten out finances and curb inflation by tightening credit policies, the now-sacked acting Finance Minister Sergey Dubinin told the State Duma (the lower house of parliament) on Wednesday.

He said the ministry-compiled budget for 1995 provides for monthly 2 percent inflation (5-7 percent early in the year and 1.1 percent by the middle of 1995). Inflation will go down if the budget is approved by parliament, Dubinin believes. "If not, no amount of short-range measures to back up the ruble will save us in the longer run," he said.

The ex-minister said the government allocated a total of Rbl 13 trillion this summer to finance supplies to the northernmost regions and back up the farming sector and military-industrial complex at the cost of credits from the Central Bank of Russia [CBR].

In an interview with Interfax, Dubinin said the Finance Ministry had warned that the measure would spur up inflation and other negative trends in October or November. One other factor adding up to the latest crash of the ruble was caused by panic rumors about a possible change in government economic policies. This in itself was enough to cause massive flight from the ruble to the dollar, Dubinin said.

At the end of speeches by Dubinin and CBR President Viktor Gerashchenko, Speaker of the State Duma Ivan Rybkin informed the house about Yeltsin's request to approve the dismissal of the CBR Chairman for allowing the crisis in the country's financial market.

A break has been announced in house proceedings to enable various factions to discuss the emerging situation and the president's address.

Shokhin Against Easing Anti-Inflation Policy

LD1210165894 Moscow INTERFAX in English 1432 GMT 12 Oct 94

[FBIS Transcribed Text] The sharp fall in the ruble rate was only the result of an ordinary speculative operation on the currency exchange, and it was prompted by an easing of the monetary and crediting policy pursued by the government, Russia's Economics Minister Aleksandr Shokhin told the State Duma on Wednesday.

Speaking during debates on the president's call for the resignation of the Central Bank governor Viktor Geraschenko, Shokhin said that a departure from the government's strict anti-inflation policy could lead to another sharp fall in the ruble's value.

With reference to the president's suggestion that Geraschenko resign, Shokhin said that this issue must be discussed in accordance with the existing rules, that is it must be subjected to preliminary hearings at the budget committee.

The schedule for considering budget estimates and guidelines for the government's economic program at the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Duma differs from the work schedule adopted by the Cabinet of Ministers, Shokhin said. According to him, the government's schedule provides for submitting next year's budget estimates to the Duma on October 20. The medium-term program of economic policy may also be prepared by that time.

'Determined' To Cut Inflation

LD1210193394 Moscow INTERFAX in English 1432 GMT 12 Oct 94

[FBIS Transcribed Text] Russian Deputy Prime Minister Aleksandr Shokhin said the government would continue its tough monetary policy and was determined to bring the monthly inflation rate to 1.5 percent by mid-1995 and to 1 percent by the end of that year.

Shokhin told an annual meeting of the Russian-American Business Council in Moscow on Wednesday that next year's budget deficit had been set at 5.5 percent of gross domestic product, compared to this year's 10 percent. Smaller loans are to be obtained from the Central Bank to close the deficit, he said.

Shokhin said the recent drop in the value of the ruble had been caused by seasonal factors, namely by loans given by the government to agriculture in July and August and allocations for goods supplies for the country's northern regions. In addition, the government had made mistakes in building stock market mechanisms, he said.

Shokhin expressed confidence that, by raising the Central Bank refinancing rate from 130 to 170 percent and by laying down tighter rules for hard currency purchasers at the Moscow Interbank Currency Exchange, the government would stabilize the currency market.

Shokin Blames Ruble Crash on Banks' Speculation

MM1310090394 Moscow PRAVDA in Russian 13 Oct 94 p 2

[Unattributed report under the "We and the Economy" rubric: "Banks Run a Risk"]

[FBIS Translated Text] The commercial banks which provoked the sharp drop in the ruble rate might lose their licenses, Aleksandr Shokhin, vice premier of the government, declared in a POSTFACTUM interview. According to him, one of the main causes of the sharp drop in the ruble rate was the large and medium-size commercial banks' speculative game of raising the dollar rate. The banks made overstated applications to acquire currency, which were not backed up by ruble cover. "These banks must now root around looking for cash rubles to acquire the currency which they ordered, otherwise the government will adopt a decision to strip the banks of their licenses," Aleksandr Shokhin said. In the vice premier's opinion, the government's economic policy cannot have provoked even half of the present decline in the ruble rate.

Filatov on Consequences of Ruble Fall

LD1210133694 Moscow ITAR-TASS in English 1239 GMT 12 Oct 94

[By ITAR-TASS correspondent Tamara Zamyatina]

[FBIS Transcribed Text] Moscow October 12 TASS—Head of the Russian President's Office Sergey Filatov censured on Wednesday for placidity chiefs of financial departments who sent a serene report on the situation on the currency market only five days before the collapse of the rouble on October 11.

This is partially the explanation for sacking Acting Finance Minister Sergey Dubinin and the president's address to the Russian parliament lower chamber to fire Russian Central Bank Governor Viktor Gerashchenko.

Filatov said in an interview with ITAR-TASS that bankers proposed to some government officials on the eve of "the Black Tuesday", as journalists baptised October 11, that they secretly convert their rouble savings into hard currency.

"This means that the coming collapse of the rouble was no secret for some financial dealers," Filatov noted.

According to Filatov's information, the greatest number of banks participated in the trading session last Tuesday. However, some of them, on making bids for hard currency, did not pay roubles for their orders, provoking speculative demand for dollars.

Asked by ITAR-TASS what measures are recommended by presidential experts to the chief executive to arrest the dollar's rise, Filatov replied: "The Central Bank has already risen the credit rate to 170 per cent.

"Experts think it necessary that the Central Bank should make interventions on the exchange to stop and 'bridle' the sky-rocketing dollar," the president's main aide stressed.

Filatov claimed that consequences of "struggle" between the state and the MMM joint stock society were to blame for the rouble's plummeting rate. People became apprehensive of investing money into shares and started actively buying up dollars to save their savings from inflation.

Asked whether the falling rouble will cause a resignation of the government, Filatov replied: "If the panic on the currency market is not stopped, consequences for the government can be grave".

Livshits: New Bank Officials Will Not Change Situation

LD1210205794 Moscow INTERFAX in English 1936 GMT 12 Oct 94

[FBIS Transcribed Text] Aleksandr Livshits, head of the group of economic advisers to the Russian president,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

does not think that the arrival of new people following the dismissal of Sergey Dubinin and possible dismissal of Viktor Gerashchenko would change anything. He told Interfax Wednesday that vigorous steps alone could bring the financial situation under control. Curbing the inflationary effect is the chief priority, he said.

Livshits admitted that the plunge of the ruble had not been foreseen by acting finance minister Dubinin or Central Bank Chairman Gerashchenko or anybody else, even though small variations of the exchange rate had been forecast.

He believed that even those who had master-minded the speculation on the currency exchange could not foresee its effect.

Livshits is confident that the government will focus on trying to protect the population.

He added that a presidential commission has started investigation into the causes and circumstances of the panic on the exchange and trying to find who was behind it.

ITAR-TASS on Feelings Toward Dubinin, Gerashchenko

LD1210162794 Moscow ITAR-TASS World Service in Russian 1400 GMT 12 Oct 94

[By ITAR-TASS correspondent Lyudmila Aleksandrova]

[FBIS Translated Text] Moscow, 12 Oct—The sacking of Acting Finance Minister Sergey Dubinin and the proposal of the Russian president to dismiss Central Bank Chairman Viktor Gerashchenko in connection with the collapse of the ruble rate have not received any broad support among the deputies of the State Duma. This is clear in particular from conversations the ITAR-TASS correspondent has had in the corridors of the Duma.

"Bureaucratic decisions to sack or to appoint people do not resolve issues," Yabloko faction leader Grigoriy Yavlinskiy said. He believes that Sergey Dubinin is the least to blame. As to the Central Bank, it has made some enormous errors, the economist believes. The Central Bank should not have allowed such a drop in the ruble rate to occur in one day, he stressed. These sackings however, Grigoriy Yavlinskiy believes, are a way of axing the whole policy and the whole strategy which has failed, and which are in effect to blame for the crisis.

Sergey Glazyev, chairman of the State Duma's Committee for Economic Policy, considers that the proposed resignation of Viktor Gerashchenko has nothing directly to do with the causes of the agitation on the currency market, and the Democratic Party of Russia does not support this proposal. "This is a question of economic policy and has nothing to do with the Central Bank, which has for a long time now expressed the opinion that the rate of the ruble is too high," he said. He said it is the government which prevented the Central Bank from changing the exchange rate policy. In this event, in Glazyev's opinion, it is obvious that an attempt is being made to shift the blame from the guilty to the innocent.

He considers that Dubinin's resignation is in a political sense even worse. He has been made a "scapegoat," he said. "It was not Dubinin who determined the government's economic policy. In this event he was just the person who implemented it."

Irina Khakamade, spokesman of the faction "Liberal-Democratic Union—12th December," considers that the removal of S. Dubinin on the eve of ratifying the 1995 budget and the report on the implementation of the 1994 budget will only lead to negative consequences and may provoke a political crisis. Responsibility for the fall in the national currency is borne, in her opinion, by the Central Bank and not the Ministry of Finance. However, the deputy views the removal of V. Gerashchenko as a reasonable step. "Seasonal fluctuations are one thing, everyone has forecast them, but such a fall in the ruble rate in one day is simply impermissible," she concluded.

Ruble Collapse Causing Price Hikes

LD1210160794 Moscow INTERFAX in English 1432 GMT 12 Oct 94

[FBIS Transcribed Text] Tuesday's ruble plunge will set off drastic hikes in the prices of imported foods and subsequently in those for domestically- produced foods as well, the head of Russia's largest food importing company said.

Mikhail Lyubovich, head of the Soyuzcontract company, told Interfax on Wednesday that the fall of the ruble was primarily a blow to food importers. He said Soyuzcontract's turnover was halved immediately.

Lyubovich said Moscow's food market had "instantly reacted" to the plummeting of the ruble—"even the sellers of Russian-made vodka hurried to protect themselves by hiking prices." He said that, under such circumstances, retail price increases are never proportional to the decline in the value of the ruble. Traders try to safeguard themselves against further drops—"yesterday many of them based their new prices on a rate of 5000 rubles to the U.S. dollar," he said.

Lyubovich said it would take customers two or three weeks to get used to the new price levels, after which sales would improve again.

Central Bank Fails To Intervene in Ruble Crash

LD1210203294 Moscow INTERFAX in English 1749 GMT 12 Oct 94

[FBIS Transcribed Text] At an auction of the Moscow Interbank Currency Exchange Wednesday, the Central Bank of Russia failed to use about $90 million of its initial supply, a dealer of one of Moscow's major banks

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

told the Financial Information Agency. When the U.S. dollar fell down to 3,736 rubles, the Central Bank did not offer $90 million.

According to the dealer, this could have been done by the Central Bank alone, since the amount was too large for any commercial bank. As a result, the volume of currency changing hands went down by $88.25 million to $41.45 million.

According to the Financial Information Agency, the outcome of today's auction was in full accordance with the recent statement by acting Finance Minister Sergey Dubinin that the U.S. dollar would start to decline as of October 12.

Official Says Central Bank in Control of Currency

LD1210192794 Moscow INTERFAX in English 1749 GMT 12 Oct 94

[FBIS Transcribed Text] Vice-President of the Central Bank of Russia [CBR], Aleksandr Khandruyev, says he sees no reason to blame the latest setback on the currency market on acting Finance Minister, Sergey Dubinin, or CBR President, Viktor Gerashenko.

Despite all the noise caused after Tuesday's selling on the currency market, the CBR is in control of the situation, Khandruyev told Interfax on Wednesday. "We did not veer away from the monetary policy declared in July 1992", he said.

In his words, the CBR aims at seeking optimal solutions rather than trying to back up the home currency at any cost.

"This means no risk can be taken when the CBR's currency reserves fall below $3 billion. There must be no heavy intervention to feed the speculators", Khandruyev said.

He said the CBR sold a total of $600 million as part of its currency intervention in the first eleven days of October. Khandruyev said the CBR's reserve was depleted by $1,4 billion in September, an indication of its strong intervention in the currency market aimed at backing up the ruble.

The CBR could have heavily intervened on Black Tuesday, October 11, but would have run out of its total reserves This prospect was unacceptable to the CBR management, he said.

Central Bank Official on Trend Toward Stronger Ruble

LD1210201294 Moscow ITAR-TASS in English 1922 GMT 12 Oct 94

[By ITAR-TASS news analyst Mikhail Krushinskiy]

[FBIS Transcribed Text] Moscow October 12 TASS—The Central Bank intends to strive to further the trend, which began to show on Wednesday, towards a stronger rouble rate, Aleksandr Potyomkin, director of the Central Bank's Department for Foreign Operations, told ITAR-TASs.

That the decline in the rouble rate was checked and even somewhat reversed following the disastrous fall on Tuesday can be viewed only partially as the result of the Central Bank's purposeful actions, Potyomkin said.

"During the trading, we did intervene, but we actually withdrew all our currency resources from sale when the rouble rate began to slide down of its own accord. We only sought to keep the naturally arisen tendency, since the market agreed in the end that there was nowhere to go," Potyomkin said.

The Central Bank offical is of the opinion that the speculative financial bubble began to shrink, thereby showing that the actions being taken by the Central Bank since the end of September to adjust the rouble rate were correct in principle. The crisis is past now, and the task is to "reach such a rate movement curve which would be as stable as it was last summer."

An auction of three-month treasury bills totalling 1,000,000 million roubles is to be held on October 13. Potyomkin hopes that the forthcoming auction will greatly promote an overall stabilisation of the Russian financial system.

Bank Aide Rejects Idea of Fixed Ruble Rate

MK1210111094 Moscow SEGODNYA in Russian 12 Oct 94 p 1

[Report by Rustam Narzikulov under the "3926..." rubric: "Finance Ministry Urges Not to Panic. Executive Branch Promises To Stabilize the Ruble Starting Today"]

[FBIS Translated Excerpt] [Passage omitted] The mysteriousness of the phenomenon which does not fit, following yesterday's trading at the Moscow Interbank Currency Exchange [MICE], a pattern of an exponential increase in dollar demand, has had an extremely negative impact on the state of mind of some persons who play a visible role in the monetary sector of the economy. In a statement for INTERFAX, for example, a Central Bank chief who did not wish to be named blamed the latest developments at the MICE on a "consortium of financial organizations created for a concrete task—a ruble collapse," behind which, in his view, is Western or Eastern European capital. The consortium of financial saboteurs, apparently, pursued a goal noble for Russia—to ruin its own importers—and used for this the budgets of all foreign intelligence directorates taken together.

Other Central Bank chiefs, who still retain a sober mind, tried, together with Finance Ministry representatives, to design a "set of measures" to counter the ruble flight. The contents of this program have not been revealed. Viktor Gerashchenko's utterances, however, attest to the fact that the key place in it is to be taken by an increase

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

in the interest rate of Central Bank centralized credits and an increase in the issue of government short-term bonds.

A Central Bank representative stated in an interview for SEGODNYA that the introduction of a fixed ruble rate is "out of the question," and that "all the planned measures are in line with a market economy." He vouched that the rate will stabilize beginning today. [passage omitted]

The possibility that the prices and monetary aggregate statistics are greatly warped because the gap between the rate of inflation and the rise in the dollar (14 percent against 80 percent) is too wide to attribute it exclusively to "non-monetary factors" is also not ruled out. If this theory corresponds with reality, it means that the real scale of the government's and Central Bank's emission activity is greater than the figures quoted in official reports indicate. This hypothesis can be either confirmed or denied only by a voluntary decision by the executive branch to give the real picture of the subsidy and preferential credit handouts. "A big amount of undiscovered sums" would only worsen the position of top officials who have to do with the present financial catastrophe.

Trading Delayed as Bank Checks Ruble Accounts

LD1310082294 Moscow ITAR-TASS in English 0807 GMT 13 Oct 94

[By BUSINESS-TASS]

[FBIS Transcribed Text] Moscow October 3 TASS—As BUSINESS-TASS learned today, the trading session at the Moscow Interbank Currency Exchange (MICEX) will begin on Thursday approximatelly at 11:00, one hour later than usual.

It is connected with the fact that the Central Bank of Russia changed the rules for daily trading sessions on the Moscow Interbank Currency Exchange, ruling that, starting from October 13, Thursday, banks would only be able to buy dollars to the extent that they have roubles deposited in their accounts with the MICEX.

The trading session will begin as soon as the Central Bank of Russia check these accounts.

Dollar Rate Falls in Early Trading

LD1310091494 Moscow ITAR-TASS World Service in Russian 0845 GMT 13 Oct 94

[By BUSINESS-TASS]

[FBIS Translated Text] Moscow, 13 Oct—In the course of trading, which began today one hour later than usual in view of the introduction of a new temporary procedure for stock exchange transactions, the dollar rate fell to 3,641 rubles—that is, 95 rubles down on the previous day's figure.

Trading at the Moscow Interbank Currency Exchange [MICE] continues. Dealers say the gap between offer and demand exceeds $300 million; therefore, by the end of the trading session, the ruble is expected to rise further.

Now purchasing banks have the right to buy foreign currency only within the limits of their holdings in the clearing accounts of the MICE. Previously, banks were allowed to clear accounts for the dollars they buy within 48 hours.

The need to check the deposits of the banks which intended to take part in today's trading accounts for the fact that trading started late today.

Ruble Closes at 2.994 to Dollar 13 Oct

LD1310103394 Moscow ITAR-TASS in English 1016 GMT 13 Oct 94

[By BUSINESS-TASS]

[FBIS Transcribed Text] Moscow October 13 TASS—By the end of today's trading session at the Moscow Interbank Currency Exchange (MICEX) the rouble's rate against the dollar rose to 2,994 per dollar, or 742 roubles lower than at the previous trading session.

According to the MICEX information service, the volume of sales totalled 139.65 million dollars (previous index - 41.45). The initial supply of 361.15 million exceeded the demand of 53.20 million dollars.

The next trading session will be held on October 14, 1994.

Ruble Crash Attempt To Deal Yeltsin Serious Blow

LD1210202694 Moscow Ostankino Television First Channel Network in Russian 1800 GMT 12 Oct 94

[From the "Novosti" newscast]

[FBIS Translated Text] Correspondent have been trying all day today to obtain information from Sergey Stepashin, who as you know heads the security service. Our agency succeeded just before the program began.

[Begin recording] [Unidentified correspondent] Sergey Vadimovich, you have been appointed deputy chairman of a commission created by the president to investigate the situation on the currency market. You are a man of experience. Do tell us: Are there any grounds to assume that there are shady structures with an interest in the collapse of the ruble, and that this was a deliberately planned operation?

[Stepashin] I believe we will provide quite a detailed picture of the situation at the end of the commission's work, and I would add that we have agreed to give no interviews on this matter for the time being. So let us not think of this as an interview. You just caught me after a meeting with Viktor Stepanovich [Chernomyrdin]. I think so, yes. Moreover, I think that it was—among

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

other things and which are perhaps just as important—a single-minded attempt to deal both the Government and the president a very serious blow. It is probably for that very reason that the Federal Counterintelligence Service was given a specific order.

[Correspondent] Could I ask what steps you will take first?

[Stepashin] We actually took them yesterday, but I am not saying what they are. [end recording]

Crash Said Fraught With Political Repercussions

MK1210112094 Moscow NEZAVISIMAYA GAZETA in Russian 12 Oct 94 p 1

[Report by Vladislav Kuzmichev, Ivan Zasurskiy under the "Finance" rubric with the general heading: "Currency Crisis in Country Could Turn Into Political Crisis"]

[FBIS Translated Excerpt] [Passage omitted] Vadim Yegorov, information service director of the Moscow Interbank Currency Exchange [MICE], has said that the dollar's exchange rate was considerably overvalued, which could lead to its fall. However, Mr. Yegorov said, the experience of the past three weeks has shown that the dollar has continued to grow "with impunity" despite expectations of a nose dive after each rise in its exchange rate against the ruble. [passage omitted]

Experts note that so steep a plummeting of the ruble came as a complete surprise to many. Within the past three weeks alone the ruble has shed as much as 68.14 percent of its value, which, in the view of the same observers, calls into question statements by some government leaders that monthly inflation will stay at the level of 10-12 percent. [passage omitted]

A Central Bank representative told your NEZAVISIMAYA GAZETA correspondent that all banks that are bullish on the dollar at the MICE are well known, and the Central Bank has already warned them all that the exchange rate has already passed the point of the ruble's actual value and is now purely speculative.

The Central Bank continues to insist that the situation is under control and plans to use its hard-currency reserves once the dollar binge subsides somewhat. Tension is then expected to go down, and the market would fall, Central Bank staffers think.

At the same time, experts note that many commercial banks that had already spent significant amounts of their ruble reserves and went bullish when the game was drawing to a close could end up with considerable losses or even go bankrupt.

NEZAVISIMAYA GAZETA's sources point out that the government is no longer interested in letting the ruble fall further (the devaluation has become disadvantageous after the exchange rate of 3,000), so Viktor Chernomyrdin is already pressuring the Central Bank chairman to quell the panic on the currency market. [passage omitted]

Following the crises of MMM, the Selenga Russian House, and Tibet, the authorities are once again demonstrating their inability or unwillingness to have a stabilizing influence on savings and currency markets, which reduces the number of hard currency or savings holders, gives a shot in the arm to the unconstructive opposition, and destabilizes the political situation. At any rate, the ruble's October collapse is bound to have political repercussions—these matters will be discussed today at the State Duma. Whether the currency market's crash will be limited to a fruitless political scandal, however, is not yet clear.

Ruble Crisis Due to 'Deliberate Actions'

MM1310104094 Moscow ROSSIYSKIYE VESTI in Russian 13 Oct 94 p 1

[Roundup by Pavel Shinkarenko: "Boris Yeltsin Has Stated That He Will Not Permit a Sharp Increase in Prices. There Will Be a State Investigation of the Incident of the Fall in the Ruble Rate"]

[FBIS Translated Excerpt] [passage omitted] As a result of the efforts made, the fever at the currency auctions has begun to abate. According to the Moscow Interbank Currency Exchange information service, on Wednesday the volume of sales totaled $41.45 million, which is considerably lower than the previous indicator ($129.7 million). As a result, by the end of the trading session the dollar rate had fallen by 190 rubles [R] and was R3,736. According to dealers, the sum on offer—90 million—consisted entirely of currency put forward by the Central Bank of Russia. "This indicates that the commercial banks are still afraid to sell dollars," one of the exchange's experts told ROSSIYSKIYE VESTI's correspondent. The government is confident that in a week's time the situation on the currency exchange will return to normal and the ruble rate will again become settled close to the point recorded last week.

So does this mean that nothing terrible has happened? On the contrary, the Russian currency crisis demands an in-depth analysis, in order to discover the reasons for the shock that occurred and to learn lessons for the future. This is indicated even by the straw poll carried out by ROSSIYSKIYE VESTI yesterday. Here are just a few extracts from it.

Sergey Filatov, the Russian Federation president's chief of staff, noted that he does not see in today's political situation in the country any trends that could have provoked the collapse of the ruble. This is disturbing, and calls for an analysis to be carried out as critically as possible. In our interlocutor's opinion, the creation of a state commission on this problem is particularly apposite.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The presidential chief of staff condemned the complacency of staffers of financial departments who, five days before the collapse of the ruble rate struck, sent Boris Yeltsin an unconcerned report on the state of affairs on the currency market. This in part explains the removal of S. Dubinin from the post of head of the Finance Ministry. It was stressed, in this context, that on the very eve of "Black Tuesday," as journalists have dubbed that day, bankers suggested "on the quiet" to certain staffers of state organs that they convert their ruble savings into hard currency. "That is to say, for a certain circle of financial dealers the approaching collapse of the ruble was no secret," our interlocutor noted. He also thinks that one reason for the sharp fall in the ruble rate was the consequences of the state's "showdown" with the joint-stock company MMM. People became afraid of investing money in shares and, in order to protect their savings against inflation, began actively buying up dollars.

Asked whether this raises a threat of the government's resignation, Sergey Filatov replied: "Unless the panic on the currency market is quelled, the consequences for the government could be serious."

Assessing the possible political consequences of "Black Tuesday," he said that these events directly affect the Treaty on Social Accord and create "serious threats" to the process of conciliation in general." [quotation marks as published]

Mikhail Delyagin, chief analyst at the Russian Federation President's Analysis Center:

"The Central Bank has enormous potential for controlling the currency market. Even if the officially declared currency reserves ($5 billion) are not at that level, but only half of that, even that is enough to be the trendsetter on the interbank exchange. Consequently, it can only be a question of deliberate actions by financiers.

"With what purpose? First: It is necessary to move the dollar rate to some new level of equilibrium which will make it possible to stimulate exports and limit imports, and replace the corresponding proportion with imports of capital. But such a step must not itself become an inflationary spur. So then the second conclusion suggests itself. What happened on Tuesday was a repetition of last year's situation, when the Central Bank also departed from the currency exchange for a few days. As a result the dollar rate soared sharply. That step had a significant economic purpose—it struck a severe blow against all the currency operators who were gambling on an increase in the dollar rate. If this step had not been taken, it would have been necessary to suppress very strong pressure from the currency speculators. The autumn is a period of strong inflationary expectations, and those who deal in currency have an interest in a sharp surge in the rate. Whereas the government, naturally, is in favor of a gradual increase. How is this achieved? The civilized method is currency interventions. But those lead to enormous losses of hard currency. But with the help of a sudden surge followed by a fall to a planned level, you can render currency speculations harmless. Last year, after such a maneuver, the dollar became entirely subordinate to the will of the Central Bank of Russia. I think something similar is happening now."

Gumer Gumerskiy, deputy general director of the joint-stock company "Tyumenneftegaz":

"The main reason for this sudden collapse is defaults by enterprises and the state, amounting to many trillions. But it cannot be ruled out that all this is a deliberately planned provocation by certain circles within the government itself, the result of which will be hard even for the cabinet itself to predict as yet.

"As for the ruble price of Russian crude oil, the prospect of an equally rapid surge is highly dubious: The present price—around R95,000 a tonne—is at the limit of effective demand."

Kuzma Shalenkov, section chief at the Russian Federation Internal Affairs Ministry Main Administration for Combating Economic Crimes:

"It could be supposed that criminal money was put into circulation and that that was what provoked the collapse of the ruble. The possibility put forward by Gerashchenko and Shokhin is also being examined, namely that government credits earmarked for national economic needs went on buying hard currency. In that way they were supposedly protected against inflation. But that is only a suggestion. I wanted to speak about something else. In the well-known presidential edict on additional measures to strengthen law and order, provision is made for criminal liability for the 'unlawful use of credits.' The banks are responsible for monitoring this. If that job has not been done or if, even worse, the banks themselves sought to introduce confusion, someone must answer for it."

[Shinkarenko conclusion] Naturally, these are only fragments of a picture that still remains to be clarified. But we must assume that we will all learn from this analysis the lessons that are necessary for further progress along the path of reforms.

Ministry 'Concept' for State Investment

MM1110161194 Moscow ROSSIYSKAYA GAZETA in Russian 8 Oct 94 p 11

[Russian Economy Ministry "draft concept": "State Investment Policy for 1995 and the Following Years"—from the Biznes v Rossii section]

[FBIS Translated Text] Investment in the Russian economy is badly needed. Otherwise the decline in production will not be halted. To solve this problem the Economy Ministry has submitted an investment policy concept for the immediate future. Although its adoption is closely linked to the elaboration of the 1995 budget,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

after which it will be discussed, we are familiarizing you here with the program's basic principles.

I. Scenario Conditions for the Development of the Economy and Investment Policy Objectives

By mid-1994 qualitatively new features had been identified in the development of the crisis in the Russian economy. Over the past months the inflation rate has fallen consistently and by mid-year had reached the lowest level since the beginning of the reforms at 5-6 percent per month. The Central Bank of Russia refinancing rate was lowered from 210 to 130 percent. At the same time the crisis in the investment sphere continues to deepen. The general economic situation's further development will depend to a critical extent on the fruitfulness of the investment policy being implemented by the state and on the extent to which it is possible to change unfavorable trends in the investment sphere.

By the beginning of 1995 it is envisaged that inflation will have been restrained at least to within the limits reached by the middle of this year. According to the forecast the overall 1994 budget deficit could be in the order of 10 percent of GDP. A further reduction in the Central Bank refinancing rate to 120 percent is expected.

The tax reform planned from the beginning of 1995, which is designed to appreciably reduce the level of tax deductions from producers, will make it possible to increase enterprises' financial potential for self-financing their development and on this basis to create favorable conditions for increasing investment activity. This will be facilitated by an annual revaluation of fixed capital, which will ensure a considerable increase in depreciation deductions.

The implementation of the decisions adopted this year which make it possible to rely on a substantial increase in the volume of private and foreign investment in the years 1995-1997 should be an important prerequisite for supporting investment activity and reviving business activity in the economy.

In order to prevent development according to the worst-case scenario and to create real prerequisites for extricating the economy from the crisis, the main objective of federal investment policy in 1995 and the following years will be to create a favorable environment which facilitates an increase in investment activity in the nonstate sector.

II. Improving the Investment Climate and Stimulating Investment Activity Basic principles of investment policy. Bearing in mind the need to overcome a further decline in production in the economy and the limited nature of the state's financial resources, it is envisaged that investment policy in 1995-1997 will be implemented on the basis of the following principles:

—the consistent decentralization of the investment process based on the development of various forms of ownership; an enhanced role for enterprises' internal (own) savings sources for financing their investment projects;

—state support for enterprises through centralized investment, the center of gravity being changed from nonrepayable budget funding to lending which is repayable with interest. The retention of nonrepayable budget funding chiefly for socially significant facilities of a noncommercial (unprofitable) nature which do not have their own sources of finance;

—the distribution of limited centralized capital investment and the state funding of production-oriented investment projects strictly in accordance with federal targeted programs and exclusively on a competitive basis. A preliminary expert assessment of every investment program and project as regards their conformity with the aims and priorities of socioeconomic policy and the certain recoupment of centralized capital investment must be a mandatory condition for making decisions on funding;

—the strengthening of state control over the targeted expenditure of federal budget funds being channeled into investment in the form of nonrepayable funding and loans;

—a considerable expansion of the practice of joint (participation) state-commercial funding of investment projects, including by attracting capital from CIS countries and independent business. This practice should help to make up for the shortage of centralized funds to implement state capital construction programs;

—the use of some centralized (credit) investment funds to implement particularly effective and rapid-recoupment investment projects, and the use of small business facilities, irrespective of which sector they belong to and of the forms of ownership, to accelerate the structural and technological reorganization of production;

—improving the normative base in order to attract foreign investment.

An improvement in the investment climate in Russia will also be facilitated in many ways by considerably expanding the number of investment projects being implemented with the aid of foreign capital in accordance with interstate accords that have been reached; by increasing the volume of long-term loans being obtained from the International Bank for Reconstruction and Development; and by concluding a number of major contracts with the United States to implement investment projects. A favorable regime for foreign investors is defined by the Russian Federation president's edicts concerning the attraction of foreign loans, which exempt equipment being imported into the country from value-added tax and special tax and which provide tax concessions for reinvested profit.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The factors listed create the financial and normative-legal basis for the stabilization of the investment situation in the country and make it possible to rely on the revival of demand in certain segments of the investment market.

In these conditions an opportunity arises to allocate in 1995-1997 the main bulk of state investment (approximately 75 percent, or 1.5-2 percent of GDP) for achieving the most important objectives of statewide importance, including those envisaged by decisions of the Russian Federation president and Russian Federation Government, whose implementation is impossible to ensure through other sources of funding, and for organizing projects associated with the construction of housing, including housing for servicemen, the provision of medical supplies for the population, the development of the social infrastructure, the elimination of the consequences of natural disasters and catastrophes, conversion, and the support of promising fundamental science programs.

Intensifying the investment process. The key principle of state policy in relation to nonstate investors will be, without interfering in their activity, to facilitate to the maximum the creation of the necessary legislative base to increase their investment activity and of reliable protection for the funds invested. In 1995-1997 the state intends to devote special attention to creating the economic conditions for increasing the proportion of long-term investment in the nonstate sector of the economy and to attracting foreign capital, in order to mobilize resources to carry out a structural and technological reorganization of the economy and to ensure an increase in investment efficiency.

In 1995-1997 it is proposed to considerably expand the practice of attracting nonstate investors' capital to implement effective state programs, which will be facilitated by the principle of state-commercial participation funding. Simultaneously the allocation of centralized funds will be effected for projects being implemented in the form of state guarantees—by means of the state purchase of some securities for programs which have undergone state expert assessment. The state's acquisition of securities in order to prevent nationalization in a hidden form must be limited, as a rule, to the third year of obtaining profit from the facility which has been set up.

The expansion of financial opportunities for investment will also be effected by attracting funds from privatization within the framework of its second stage and by creating a mobile capital market based on the development of private pension funds, insurance companies, and investment funds.

Depreciation policy. In order to ensure the anti-inflationary stability of enterprises' own funds set aside for investment, provision is made for performing a regular (yearly) revaluation of the balance-sheet value of fixed capital in accordance with price increases and changing conditions of capital reproduction.

In order to strengthen control over the targeted use of depreciation funds consideration should be given to the possibility of transferring, starting in 1995, depreciation deductions from enterprises' main current accounts to their special accounts. Here it is also possible to consolidate enterprises' depreciation funds into special "Combined Depreciation Funds (CDF's)." These funds can act as trust-type financial organizations which accept their clients' depreciation funds for safekeeping and facilitate their growth by using the resources in their financial and commercial activity.

In parallel with the creation of CDF's, a promising development is the formation of a new sector of the fund market—a market in the resources of depreciation funds, which enables the investment process to be intensified. In this case enterprises will have an opportunity to convert depreciation resources into payment resources by selling them via CDF's or by buying additional resources when there are insufficient resources to implement planned investment projects.

The competitive distribution of centralized capital investment and the use of nonbudgetary funds. In order to increase the effectiveness of the use of limited budgetary and centralized credit resources, the Federal Investment Program concept envisages a switch, starting in 1995, to competitive forms of distributing centralized capital investment and the provision of a stable and continuous procedure for funding planned state investment expenditure, with a simultaneous strengthening of control over the targeted use of federal resources in the form of nonrepayable funding.

The measures of the Federal Investment Program for 1995 and the Following Years will be aimed at the broad involvement in competitions of, besides state organizations, joint-stock companies, funds, commercial banks, leasing companies, and other representatives of domestic and foreign capital.

An important role in achieving the objectives of federal investment policy is given to nonbudgetary investment funds. In 1995 and the following years a considerable increase in the effectiveness of the use of the resources accumulated in them is envisaged.

It is proposed to considerably increase the scale of the involvement in economic turnover of unfinished construction facilities, notably via investment auction mechanisms.

The development of a stock market.
Until recently stock market dynamics were chiefly determined by transactions involving state securities—short-term state bonds and privatization checks. A market for domestic foreign-currency loan bonds, issued to the value of $7.5 billion to service the state's debt on foreign currency funds frozen in USSR Vneshekonombank [Bank

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

for Foreign Economic Activity] accounts at the beginning of 1992, has also started gradually taking shape.

From 1995, besides the aforementioned market segments, stock market sectors associated with the circulation of securities of independent emissions bodies—production and financial companies and other institutional investors—will be developed on the basis of state support.

III. Investment in the Social Complex and in the Development of the Housing Sphere

In accordance with the Federal Investment Program concept, in 1995 it is proposed to channel around 60 percent of the total volume of capital investment from federal sources into the construction of social complex facilities and to take this volume up to 65 percent in 1997.

The funds allocated for the construction of social-sphere facilities will primarily be channeled into implementing targeted federal programs; providing housing for servicemen discharged into the reserve or retirement; resettling citizens from Far North areas; priority measures to strengthen the material and technical base of health care, education, and culture (primarily into reconstructing and constructing especially valuable facilities of of the Russian peoples' cultural heritage); strengthening the material and technical base of television and radio companies in the regions; supporting and developing the Russian Academy of Sciences; eliminating the effects of the Chernobyl disaster and of nuclear tests at the Semipalatinsk test site, and into the radiation rehabilitation of the Urals region; and preventing the flooding and partial flooding of populated areas located in the Caspian Sea coastal strip.

When considering options for using federal budget funds the need will be borne in mind to preserving appropriations relating to state support in housing construction, and above all for badly-off and unprotected sections of the population, during the construction of subways in major Russian cities, and for especially important national educational, cultural, scientific, and health-care facilities.

In 1995-1997 state support for the "Health Care," "National Education," and "Culture" sectors will be channeled into the implementation of targeted federal programs: "Children of Chernobyl," "Invalid Children," "Anti-AIDS," "Family Planning," "The Development of the Russian Federation State Sanitary and Epidemiological Service," "The Development of Education," and "The Preservation and Development of Culture and Art," into the construction and reconstruction of facilities classed as federal property, and into implementing the Russian Federation president's edicts and the Russian Federation Government's decrees on giving support to certain of the country's regions.

State support will also be channeled into the construction of socially-important health-care, educational, and cultural facilities such as residential homes for the elderly and Great Patriotic War veterans, museums, libraries, residential institutions for retarded orphan children, and residential schools for orphan children, since these facilities cannot be funded through local budgets and nonbudgetary sources.

Investment in scientific development. With a view to preserving the scientific and technical potential of fundamental science that has already been built up and to preventing scientists from emigrating, budget investment will be geared toward completing the construction and commissioning of projects of the Russian Academy of Sciences and its regional branches that have a high level of technical readiness, to maintaining the most important sections of the scientific research fleet, and to ensuring the functioning of science cities.

Newly created state science centers based on the country's leading scientific organizations will require partial investment support.

Scientific research organizations in applied science will ensure the construction of projects out of their own funds and investment credits.

Investment in developing the housing sphere. The acuteness of the housing problem in Russia has predetermined the need for housing reform as a most important task in stabilizing production and accelerating progressive structural changes in the economy.

A key task in the sphere of investment policy in the housing sphere whose resolution will make it possible to notably improve the provision of well-appointed housing to the population is the gradual transition from direct state capital investment in housing construction to targeted state support for the population through a system of subsidies and taxation.

In 1995-1997 it is planned to consistently implement a policy of stimulating the development of various forms of housing construction and creating favorable conditions for attracting nonbudgetary sources of funding—including funds for the development of cooperative and individual housing construction—for this purpose.

At the same time it is planned to provide citizens who require an improvement in their housing conditions with nonrefundable subsidies to build or acquire housing. It is planned to considerably extend the practice of raising mortgages (for real estate), auctioning off some of the housing erected in order to help protect and ensure the repayment of the money raised through a mortgage, and mobilizing additional funds for the housing construction sphere.

The minimum requisite level of investment in the housing sphere in accordance with the tasks of the state targeted "Housing" program will be 39 trillion rubles in 1995 (at the rates prevailing in the first half of 1994).

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

IV. Investment in the Agro-Industrial Complex

The development of the material and technical base of the agro-industrial complex in the regions will be effected primarily by attracting and utilizing the funds of enterprises, rural commodity producers, and the population, territories' budget funds, state investment credits, funds provided by private Russian and foreign capital, and other nonbudgetary sources.

Measures to retool production, introduce modern technologies, and attract private capital into the agro-industrial complex processing industry at regional level should be examined. At federal level help may be provided for the development of the production of food equipment and the development of competitive technologies.

Construction of facilities in the rural social sphere will be financed mainly out of territories' budget resources, budget and nonbudgetary funds, and the population's resources.

Given the state of the agro-industrial complex economy, it is obvious that in 1995-1997, as has been the case this year, a considerable role could be played by the federal fund for financial support for highly important sectors to finance expenditure on solving the targeted problems of agricultural production. And a large proportion of the fund's resources should be allocated on a refundable basis.

V. Investment Policy in Industry, Transportation, and Communications

In implementing investment and structural policy in industry it is planned, on the one hand, to support plans for the reorganization and closure of unviable enterprises and, on the other, to provide incentives for the development of enterprises and production facilities capable of becoming promising growth "centers" in the economy.

Investment in the **oil extraction, gas, and oil refining industries** in 1995-1997 will be funded mainly without state support from the federal budget.

The involvement of foreign investors in the development of known deposits on the basis of most-favored status, concessions laid down by Russian Presidential Edict No. 1199 of 10 June 1994, and state guarantees will ensure the reliable fulfillment of agreements concluded.

As of 1995 agreements with the "MMMMS" consortium (Marathon, McDermott, Mitsui, Mitsubishi, Shell) to develop gas condensate fields on the coastal shelf of Sakhalin, with the "Elf-Neftegaz" firm (France) to carry out exploration, prospecting, and development of hydrocarbon deposits in the Volga region (Volgograd and Saratov Oblasts), and with the Total company (France) for oil development and drilling in the Kharyaginskoye Field in the Komi Republic should be brought into operation.

In the oil extraction industry virtually all capital investment for production is directly linked with making provision for the oil extraction process itself—up to 85 percent goes on developing new drilling capacity, with the rest going to maintain existing capacity (the use of new equipment and technology to affect the critical zone, reequipping of capped wells, and so forth).

In the gas industry investment directly ensuring the drilling of new wells and the provision of facilities for fields—in other words, creating new gas extraction capacity—makes up 30-35 percent of the total capital investment for production.

More than half of all investment in the sector will be geared toward the construction of gas pipelines and underground gas storage facilities. It is planned to use a large proportion of the funds for high-pressure branch pipelines to supply gas to cities, settlements, and rural population centers in the Russian Federation.

Some 5-6 percent of total capital investment for production will be geared toward the construction of gas processing facilities in order to prevent losses—above all, of by-product petroleum gas, up to 9 billion cubic meters of which is currently flared off.

In the oil refining industry investment resources will be predominantly geared toward modernizing existing facilities for the in-depth refining of oil and increasing the production of light petroleum products, which—at a time of declining oil extraction volumes and refined volumes—is of paramount importance in meeting Russia's requirements for motor fuel. This work will be implemented in accordance with government decisions out of funds earned from oil exports.

The resolution of the problem of defaulting on payments by both Russian consumers and by the CIS countries for oil and gas supplied will make it possible to set up nonbudgetary investment funds at the level of the Russian Ministry of Fuel and Energy and certain joint-stock companies to finance capital work on facilities of sectoral, regional, or interregional importance.

Moreover, the strengthening of the financial position of joint-stock companies and state enterprises will create confidence in the soundness of the securities issued by them and attract new shareholders.

In power generation the strategy of investment policy in 1995 and the immediate future will be geared toward substantially increasing work to replace power generation capacity that has become obsolete as a result of existing equipment wearing out, and toward dismantling power units at first-generation nuclear electric power stations that do not meet modern safety standards. By the year 2000 capacity at existing thermal power stations (including nuclear power stations), which comprises around 80 percent of generating equipment, will have almost halved as a result of obsolescence and decommissioning.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Under Russian Federation Presidential Edict No. 1004 of 23 May 1994 "On Certain Questions of Tax Policy" (Paragraph 4) targeted sectoral funds will be formed exclusively as of 1 July 1994 by enterprises remitting targeted funds to the federal budget. A Russian Ministry of the Economy, Russian Finance Ministry, and Russian Ministry of Fuel and Energy draft procedure for forming and utilizing these funds in power generation has been submitted to the Russian Government.

The coal industry is traditionally a subsidized sector. Most pits in the coal industry, despite the introduction of deregulated coal prices, remain unprofitable and cannot develop without state support.

Under these conditions state investment resources should be geared toward the construction of the most efficient mining enterprises using the open-cut method, particularly in areas of the Far East and East Siberia that are short of energy.

At the same time, the withdrawal of capacity at pits that are using up their reserves and are unprofitable makes it necessary to seek funding to resolve social issues—above all, in the coal areas of the Komi Republic, the Kuzbass, the Moskva Basin, and so forth.

The restructuring of the **chemical complex** will proceed within the framework of the Federal Innovation Program "The Development and Organization of Competitive Industrial Production Facilities."

The main task is to rationally utilize state investment in conjunction with the extensive involvement of nonbudgetary sources.

In the medical industry investment resources are to be directed into developing capacity to provide the population and the Russian health-care system with medicines and new-generation medical equipment in conjunction with targeted programs adopted by the government.

As a result of the very difficult financial position in most medical industry enterprises, these programs may be funded out of state centralized capital investment, including repayable investment.

Russian **civil machine building** is to a considerable extent inefficient, lags considerably behind world standards, and will require reproduction on an entirely new technical basis at every stage of the economic cycle if the Russian economy is to remain open.

Under these conditions it is planned to channel state investment resources in 1995 into the development of competitive machine building products and high-tech production facilities.

The implementation of the state federal programs "The Development of Machine Building for the Russian Agro-Industrial Complex (including the 'Private Farmer' Program)", "Equipment for the Fuel and Energy Complex," "Developing and Improving Passenger Rail Transport (including Suburban Transport) and Enhancing Travel Safety," "The Development of Urban and Suburban Surface Passenger Transport," and "State Protection for Machine Tool Building" will be continued in 1995-1997.

In motor vehicle manufacture emphasis will be placed on developing capacity to produce small trucks with a capacity of up to 1.5 tonnes with a view to improving the structure of truck fleets, and on developing new capacity and improving existing capacity for the production of automobiles.

The development of enterprises in the **metallurgical complex** will be carried out within the framework of the Federal Program for the Retooling and Development of Metallurgy in Russia in 1993-2000 approved by Russian Federation Government Decree No. 41 of 24 January 1994, whose main aim is to obtain competitive output, substantially improve the environmental situation, and ensure social stability.

State investment will be geared toward supporting existing import-replacing capacity and creating new capacity in the mining and raw materials base for manganese, chromium, and titanium, as well as boosting capacity for the production of very scarce types of product—lead, zinc, copper, gold, zirconium, and quartzites.

Capital investment to implement the program to modernize Russian metallurgy will, as in 1994, come mainly out of enterprises' own funds and the sectoral investment fund.

Given that the output of enterprises in the **construction complex** is used predominantly in capital construction, basic investment in 1995-1997 will be geared toward restructuring the production of construction materials and articles and structures for nonproduction construction—primarily meeting the needs of housing construction. On the basis of the federal targeted program "Housing. The Restructuring of the Production Base of Housing Construction" approved by Russian Federation Government Decree No. 708 of 19 June 1994, it is planned to channel funds primarily into the development of competitive output in energy- and resource-saving technologies and the creation of experimental facilities to produce new materials, articles, and technological equipment for the construction materials and construction industries.

The stable functioning of **transportation enterprises** is having a positive impact on restraining inflation and the economic slump and is a necessary condition for the stabilization and subsequent revival of production.

On the basis of the need to maintain the functioning of individual federal transportation systems at a safe level, provision should be made for the funding from the federal budget on a nonreturnable basis of expenditure on the technical upkeep and modernization of hydrotechnical installations, the maintenance of internal waterways, the construction and repair of icebreakers

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and nuclear-powered icebreaker vessels, the development of a specialized base for their repair and servicing, and the continuation of the work to complete construction of the Baykal-Amur Main Railroad.

A substantial role in the funding of investment on transportation in 1995 and subsequent years should be played by special funds—federal and regional road funds, the fund for the regeneration of Russia's merchant fleet, and the air navigation fund.

Funds **in the "Communications" sector** will be channeled into implementing the following targeted programs—developing the "Rossiya" satellite communications and broadcasting system, developing postal communications in the Russian Federation, and building special facilities to ensure the survivability of Russia's interconnected communications network and mobilization and military communications [feldsvyaz] installations—as well as the subprogram "The Development of Electrical and Postal Communications Facilities, Radio, and Television in Rural Areas."

At the same time, work will continue on integrating Russia into the world information infrastructure.

Space Issues

Mir Station Having Power Supply Trouble

LD1210191394 Moscow INTERFAX in English 1749 GMT 12 Oct 94

[FBIS Transcribed Text] The Russian-built orbiting Mir station which now has a crew of six cosmonauts aboard, five Russians and one German, is having serious problems with power supply.

The station's automatic control and navigation systems were switched off for some time on Tuesday afternoon because of an overload on internal power cells caused by intensive work of its life support and air cleaning units, a well-informed source told Interfax.

The source said the capacity of the Mir station launched in 1986 is designed only for a crew of five. To normalize power supply, the Flight Control Center had to order to unhook part of the energy- intensive on-board equipment from the mains. A FCC representative also said the cells' capacity had increased in the past twenty-four hours and is expected to go back to normal soon.

At the moment, Commander of the Military Space Forces Vladimir Ivanov is holding a meeting of ground experts to discuss measures to keep vital parts of the station working. It is not ruled out that part of the internal equipment will not be used.

The station's crew of six includes Yuriy Malenchenko, Aleksandr Viktorenko, Valeriy Polyakov, Yelena Kondakova and Talgat Musabayev, all of them from Russia, and German researcher Ulf Merbold of the European Space Agency.

Problem Not Life Threatening

LD1210205994 Moscow INTERFAX in English 1936 GMT 12 Oct 94

[FBIS Transcribed Text] The crew of the Russian orbit-based station Mir continues to recover the power supply interrupted Tuesday night.

The head of the Flight Controlling Center press office, Valeriy Udaloy, told Interfax that six out of 12 batteries were on-line again at 18:00 Wednesday.

The head of the station control land group, Vladimir Solovev, added that "no threat to the lives of the crew existed" and that the power supply would be fully recovered within the next two days.

Due to an overload occurred at about 17:00 Tuesday, the station's power went down causing the automatic control and space orientation systems to shut down.

Federal Assembly

Duma Overrules Yeltsin's Veto on Budget Bill

LD1210133894 Moscow INTERFAX in English 1221 GMT 12 Oct 94

[FBIS Transcribed Text] On Wednesday the State Duma overruled by a two-thirds majority President Yeltsin's veto of a bill on the procedure for considering and endorsing next year's federal budget estimates. 313 deputies voted for adopting the bill in its previous form, without taking the president's notes into account; 6 voted against it and 9 abstained (300 votes were needed for the decision to pass).

The bill was approved by the two chambers of the Federal Assembly in July. When returning it, Boris Yeltsin pointed to the unconstitutionality of its demands that the government submit federal budget estimates divided into quarters and as a whole.

If the Federation Council also overrules the presidential veto by two-thirds, the bill will have to be signed within seven days. Otherwise a conciliatory commission, consisting of representatives of the president and of the two chambers of Russia's Federal Assembly, will have to be formed for further work on the bill.

Duma Postpones Vote on Gerashchenko Dismissal

LD1210131894 Moscow Radio Rossii Network in Russian 1200 GMT 12 Oct 94

[FBIS Translated Text] The State Duma postponed voting on the prsident's proposal to dismiss Viktor Gerashchenko, the chairman of the Central Bank. According to the State Duma procedures, this issue will be first discussed by the State Duma committee for budget, taxation, banking and finance. Then, supposedly on 13 October, in the evening session, the issue will be examined at the State Duma Council. At a plenary

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

session on 19 October the Duma will express its attitude to the president's proposal on the dismissal of the Central Bank chairman. Then it will also examine the government's report on the budget for 1994, a draft budget for 1995, and a medium-term program for economic policy, our correspondent Yevgeniy Zherebenkov reports.

Duma Plans Probe of Central Bank Role in Ruble Crash

MK1210113094 Moscow SEGODNYA in Russian 12 Oct 94 p 1

[Report by Petr Zhuravlev under the "Showdown" rubric: "Viktor Gerashchenko Risks Being Run Over by a Steam Engine. State Duma Promptly Reacts to Currency Exchange Fluctuations"]

[FBIS Translated Text] The avalanche-like collapse of the ruble's exchange rate and the related critical situation on the Russian currency market have seriously worried domestic lawmakers. Putting aside everything else, State Duma deputies included "reports" by Viktor Gerashchenko, Sergey Dubinin, and Aleksandr Shokhin on what is actually happening to the national currency in the agenda of the chamber's 12 October meeting as the first item.

Andrey Sebentsov, deputy chief of the Council of Ministers staff, who attended yesterday's Duma Council meeting, said that the government had already discussed the situation. When asked if Mr. Gerashchenko is responsible for the goings-on, Mr. Sebentsov responded: "And who else do you think is?!"

Mikhail Zadornov, chief of the budget committee, said yesterday that the Central Bank "in purely technical terms has missed a point where the situation could still be controlled, and the ruble has crossed the border at which it had to be stopped at any price," that is, 3,000 rubles per dollar. He also thinks that the Central Bank's reserves may well prove insufficient to regain the ground lost. His view was generally shared by Boris Fedorov, leader of the "12 December" Liberal Democratic Union, who has predicted that the exchange rate would reach 12,000 rubles per dollar by year's end.

Oksana Dmitriyeva, chairman of the budget subcommittee, is not inclined to dramatize the situation. According to her, this year's budget was calculated on the assumption of 3,500 rubles per dollar, so "nothing terrible has happened." Ms. Dmitriyeva "understands" the Central Bank's desire to protect domestic exporters and "to bring the ruble back to a realistic exchange rate," but she also sees "reasons that are not economic in nature" behind recent events. Mr. Gerashchenko, she said, should publicly explain these reasons and "state clearly who won and who lost." Aleksandr Vengerovskiy, State Duma deputy speaker from the Liberal Democratic Party of Russia, was more specific, saying that Gazprom as a major exporter stands to benefit from the current situation on the currency market.

It should be noted that the ruble's crash will without doubt give a major boost to anti-government sentiments among deputies. The Agrarians and the Democratic Party of Russia [DPR] announced yesterday their intention to bring forward as much as possible the prime minister's report to the State Duma on the implementation of the budget. The DPR faction's message submitted yesterday to the Duma Council says bluntly that following this the question on confidence in the government must be included in the agenda. Although this is unlikely to happen today or tomorrow, "a steam engine," as a well-known opposition figure, Vladimir Isakov, put it, "is already beginning slowly to roll. Whom will it roll over, I wonder..."

State Duma Approves Bill on 1995 Budget

LD1210120894 Moscow ITAR-TASS in English 1030 GMT 12 Oct 94

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow October 12 TASS—The State Duma, the lower house of the Russian parliament, approved on Wednesday the law on the procedure of examination and approval of the 1995 federal budget for the second time.

The document was earlier adopted by the chamber in July and approved by the upper chamber. However, President Boris Yeltsin did not sign the document, saying that some of its provisions were at variance with several articles of the Constitution.

In turn, the Duma committee on budget, taxes, banks and finance rejected these remarks by the chief executive and submitted the bill for the second approval by the Duma in the earlier-adopted version.

For this purpose (according to the Duma's regulations), the document had to be approved by a two-third majority, which was done today.

The bill was approved by 310 votes, against six.

Liberal-Democrats Demand Early Elections

LD1210135094 Moscow INTERFAX in English 1221 GMT 12 Oct 94

[FBIS Transcribed Text] The Liberal-Democratic group in the State Duma has demanded a complete reshuffle of the government and early presidential elections.

An address to the Duma circulated on Wednesday demands the immediate resignation of Foreign Minister Andrey Kozyrev, the Mayor of St. Petersburg Anatoliy Sobchak, the Governor of Nizhniy Novgorod Boris Nemtsov and the head of the regional administration in Kemerovo Mikhail Kislyuk.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The address says that a real information blackout has been organized against Liberal-Democrats: television has been given instructions not to give time on the air to Liberal-Democratic deputies, various obstacles are mounted to the circulation of books and newspapers published by the party.

The parliamentary group urged the Duma to support its demands.

Duma Rejects Proposal To Discuss MMM Chairman

LD1210115794 Moscow ITAR-TASS in English 0951 GMT 12 Oct 94

[By ITAR-TASS correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow October 12 TASS— The State Duma has turned down a proposal today to discuss the situation around Sergey Mavrodi, chairman of the MMM investment fund, nominated a candidate to parliament.

Chairman of the Liberal Democratic faction, Alexey Mitrofanov, insisted on the proposal to discuss the situation around Mavrodi, saying that in accordance with the law on elections a candidate to parliament cannot remain under arrest.

However, the State Duma did not accept Mitrofanov's arguments and rejected his proposal to have representatives of the prosecutor's office and the supreme court report on the case, although the supreme court is the only body entitled to resolve the problem of Mavrodi's release from custody. Mitrofanov's proposal was supported by only 136 lawmakers of the Duma.

Sergey Mavrodi, chairman of the MMM investment fund, is running for parliament from constituency 109 in the Moscow region of Mitishchi.

State Duma Approves Anticorruption Law

LD1210163794 Moscow ITAR-TASS in English 1452 GMT 12 Oct 94

[By ITAR-TASS correspondent Lyudmila Aleksandrova]

[FBIS Transcribed Text] Moscow October 12 TASS— The State Duma on Wednesday passed the third reading of a draft federal law on fight against corruption.

From now on, persons seeking to perform state functions shall submit information to the fiscal office about incomes (both their own and those of members of their families), on movable and immovable property priced above 200 minimum wage rates, bank accounts and securities, including those outside Russia, listing the numbers of bank accounts and other obligations of financial nature.

The law imposes a number of other limitations on state employees.

Yeltsin To Meet Federation Council Leaders

LD1310081194 Moscow ITAR-TASS in English 0709 GMT 13 Oct 94

[By ITAR-TASS correspondent Vladimir Taranov]

[FBIS Transcribed Text] Moscow October 13 TASS— President Boris Yeltsin plans to meet the leaders of the Russian Parliament's upper chamber on Thursday. The meeting between the chief executive and upper chamber speaker Vladimir Shumeyko as well as his deputies will discuss the sequence of examination of bills, election of Constitutional Court judges and a candidate for the post of Russian procurator-general.

Yeltsin introduced six candidates for the posts of Constitutional Court judges for the examination of the upper chamber.

In compliance with the Russian Constitution, the upper chamber is to examine this proposal within 14 days. The chamber's meeting is scheduled for October 25 and formally the upper chamber delays its session by three days.

The sides will discuss the question of whether Yeltsin will submit for the chamber's approval a candidate for the post of Russian procurator-general in the near future.

Regional Affairs

Martial Law Edict Goes Into Effect in Chechnya

LD1210134094 Moscow INTERFAX in English 1221 GMT 12 Oct 94

[FBIS Transcribed Text] Last night Chechnya's Cabinet of Ministers and Security Council held a joint closed-door session at which President Dzhokhar Dudayev read his decree on imposing martial law. As INTERFAX learned from Chechnya's government, the decree goes into effect at 21:00 on Wednesday.

It provides for introducing special entry and exit rules, for tightening security at vital facilities, and for imposing a curfew between 22:00 and 05:00. The decree also limits the movement of cars in the area of possible military actions.

As INTERFAX's correspondent learned from the Cabinet of Ministers, Chechnya's government will work in a special regime, under which all government members must stay in their offices around the clock. All government structures and units must ensure full material and technical supplies for the militia formed in the republic within 36 hours in accordance with special instructions.

At present a state of emergency imposed by President Dudayev last August is in force in Chechnya. In addition, a curfew imposed in July is in effect in the capital Groznyy.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Yeltsin Edict on Aid for North Ossetia

MM1310101994 Moscow ROSSIYSKAYA GAZETA in Russian 12 Oct 94 pp 1, 4

[Russian Federation President's edict no. 1986 "On State Support for the Socioeconomic Development of the Republic of North Ossetia Through the Year 2000"]

[FBIS Translated Text] With a view to stabilizing the economic and social situation in the Republic of North Ossetia and gradually switching to self-financing through the rational use of the republic's material, natural, manpower, and financial resources and production potential and also in connection with the 220th anniversary of Ossetia's annexation to Russia and the 210th anniversary of the city of Vladikavkaz, I decree:

1. The Russian Federation Government shall:

render state support to the Republic of North Ossetia in the structural restructuring of the economy, the development of sectors of the national economy which function on the basis of its own resources, the development of the republic's mountain zone, the conversion of defense enterprises, the implementation of foreign economic activity, the development of its own base for the fuel and energy industry, the construction industry, and the construction materials industry and sanatorium and resort and tourist complexes, the use of mineral water sources, the provision of drinking water for the Republic's population, and the solution of the problem of the settling of refugees and enforced migrants;

considering the specific conditions and geographic position of the Republic of North Ossetia examine before the end of 1994 the socioeconomic development program elaborated in the republic;

in elaborating forecasts for the Russian Federation's socioeconomic development for 1995 and subsequent years and also in preparing federal targeted programs for individual avenues of the national economy's development provide for the rendering of priority state aid to the republic;

support the proposal of the Republic of North Ossetia Government for the formation of the "Ossetia" intensive economic development region on the republic's territory and approve the statute on the region by the end of 1994;

ensure in 1995-1997 the allocation of funds from the federal budget to construct trolleybus lines from Vladikavkaz to Beslan airport and from Vladikavkaz to Gizel settlement (Prigorodnyy Rayon) and also a trolleybus depot in the city of Vladikavkaz and also for the acquisition of city transport vehicles;

include the "Ossetian oil" and "development of Ossetian electricity" regional programs in the federal "fuel and energy" targeted program providing them with financing from centralized sources;

resolve the question of the development of the information and telecommunications infrastructure of the Republic of North Ossetia, providing the allocation of the necessary financial resources in 1995 for the purpose.

2. The Republic of North Ossetia Government in conjunction with interested Russian Federation ministries and departments must elaborate in 1994 and submit for approval to the Russian Federation Government a program for restoring the historic section of the city of Vladikavkaz as a monument of history and architecture in the North Caucasus and proposals for improving the city's ecological state.

3. The Republic of North Ossetia Government in conjunction with the Russian Federation Ministry of Construction must organize in 1995-1996 on the basis of the substantial stocks of high-quality dolomite the production of sanitary ware, facing slabs, pipes, gutters, items for the creation of small architectural forms, and roofing and wall materials.

The Russian Federation Ministry of Economics and the Russian Federation Ministry of Finance must finance this work from centralized and other sources.

4. The Russian Federation Ministry of Economics, the Russian Federation Ministry of Finance, the Russian Federation State Committee for the Defense Sectors of Industry, and the Russian Federation Committee for Metallurgy must provide within the established procedure for the allocation of targeted preferential credits for the implementation of conversion programs by enterprises of the Republic of North Ossetia (including the "Pobedit" joint-stock company).

5. The Russian Federation Committee for Metallurgy, the Russian Federation Committee for Geology and the Use of Natural Resources, and the Russian Federation Ministry of Economics in conjunction with the Republic of North Ossetia Government must ensure the following to support the activity of the Sadon lead and zinc combine:

the respecializing of loss-making lead and zinc mines and the creation of new production facilities with a view to providing jobs for workers who have been laid off;

the implementation of prospecting and the geological and economic assessment of the lead and zinc mines of the Dzhimidon deposit (the "Bozang" sector) to resolve the question of constructing a mine on its basis.

6. The Russian Federation Ministry of Fuel and Energy, the Russian Federation Ministry of Economics, the Russian Federation Ministry of Finance, and the Russian "Integrated Energy System of Russia" joint-stock company must ensure financing from centralized federal sources for the planning and construction of the Zarameg no. 1 and no. 2 hydroelectric power stations, the Vladikavkaz steam and gas turbine heat and electric

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

power station, the Bilyagidon hydroelectric power station, and the hydroelectric power station based on the rechanneling of the river Genaldon.

7. The Russian Federation Ministry of Economics, the Russian Federation Ministry of Finance, and the Russian Federation Ministry of Transport must provide in 1994-1996 for the allocation of funds from the federal budget to complete the total modernization of Vladikavkaz international airport and to acquire Tu-154M passenger aircraft to create an aircraft detachment at the Vladikavkaz state aircraft enterprise.

8. The Russian Federation Ministry of Transport, the Russian Federation Ministry of Economics, and the Russian Federation Ministry of Finance must in forming the draft budgets of the Russian Federation Federal Road Fund provide for the allocation of subventions for the repair and construction of a highway across the main Caucasus range along the Rokskiy pass and the modernization of the Vladikavkaz-Elkhotovo-Staryy Batakoyurt-Mozdok highway.

9. The Russian Federation Ministry of Communications in conjunction with the Republic of North Ossetia Government must implement in 1995-1997 the planning and construction of an automated international telephone station in Vladikavkaz.

10. The Russian Federation Ministry of Economics, the Russian Federation Ministry of Finance, and the Russian Federation Ministry of Agriculture and Food in conjunction with the Republic of North Ossetia Government must implement in 1994-2000 measures to increase soil fertility, boost the production of feed, strengthen the material and technical base of stock-raising and plant growing, and develop enterprises of the food and processing sectors, providing for these purposes centralized capital investments and investment credits in volumes no lower than the 1994 level with subsequent indexing.

11. The Russian Federation Committee for Water Resources in conjunction with the Republic of North Ossetia Government and interested ministries and departments must consider, when elaborating the federal targeted programs "provision of drinking water for the Russian population" and "protection against flooding and partial submerging for the cities, population centers, national economic establishments, and valuable land on the territory of the Russian Federation," and implement in 1994-2000 a package of measures to provide the republic's population with drinking water and to protect the population centers and national economic establishments from floods.

The Russian Federation Committee for Water Resources, the Russian Federation Ministry of Economics, and the Russian Federation Ministry of Finance must provide for funds to implement these measures.

12. The Republic of North Ossetia Government with the participation of the Russian Federation Ministry for Civil Defense Affairs, Emergency Situations, and the Elimination of Natural Disasters, the Russian Federation Ministry of Finance, and other interested ministries and departments must elaborate a package of organizational measures to prevent and eliminate emergencies, ensuring their financing.

13. The Republic of North Ossetia Government, the Russian Federation Ministry of Economics, the Russian Federation Ministry of Health and the Medical Industry, the Russian Federation State Committee for Physical Culture and Tourism with the participation of trade unions and other interested departments must prepare in 1994 proposals for restoring resorts, developing tourism, and using known mineral water stocks on the territory of the republic, which is a reserve zone for the development of the Kavkazskiye Mineralnyye Vody ecological and economic region for subsequent inclusion in the federal targeted program which is being elaborated for the further development of Russia's resort and tourist complex.

The Republic of North Ossetia Government, the Russian Federation Ministry of Agriculture and Food, the Russian Federation Committee for Water Resources, the Russian Federation Ministry of Economics, the Russian Federation Ministry of Finance, and the "Rosagroprom" corporation must implement in 1995-1997 the planning and construction of plants using imported equipment for the production of plastic and glass bottles and the bottling of mineral water.

14. The Russian Federal Migration Service, the Russian Federation Ministry of Economics, and the Russian Federation Ministry of Finance, in implementing the Federal migration program, must ensure financing for the program for the comprehensive settlement of refugees and enforced migrants on the territory of North Ossetia, envisaging 110 billion rubles [R] (at 1994 base prices) for these purposes through the year 2000.

The Russian Federal Migration Service in conjunction with the Republic North Ossetia Government must create by the end of 1994 five centers in the republic for the temporary accommodation of refugees and enforced migrants.

15. Within two weeks the Russian Federation Government must resolve the question of earmarking in 1994 on preferential terms centralized credits of R20 billion for the Russian Federation Savings Bank's North Ossetian Bank to provide credit for for individual housing construction on the territory of the republic by refugees, enforced migrants, and other socially unprotected groups of the population.

16. The Republic of North Ossetia Government and the Russian Federal Employment Service must ensure in 1995-2000 the elaboration each year of a republican program for assisting employment among the population.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The Russian Federal Employment Service must provide for the annual allocation of finances to implement this program.

17. The Russian Federation Committee for State Reserves and the Republic of North Ossetia Government in conjunction with the Russian Federation Defense Ministry must resolve by the end of 1994 the question of creating a subunit of this committee on the territory of the Republic of North Ossetia.

The Republic of North Ossetia Government must resolve the question of allocating the necessary production and depot premises to the Russian Federation Committee for State Reserves.

18. The Russian Federation State Committee for Higher Education, the Russian Federation Ministry of Agriculture and Food, and the Russian Federation Ministry of Health and the Medical Industry, in conjunction with the Republic of North Ossetia Government must ensure in 1994-1995 the completion of the construction of a training block at the North Ossetia state university culture department, sports complexes at the North Caucasus state technological university, the Gorskiy state agrarian university, a training block at the North Ossetian state medical institute dentistry department, and its provision with the relevant medial and laboratory equipment.

The Russian Federation Ministry of Economics must provide in investment programs as of 1995 for the allocation of state capital investments for the planning and construction (modernization) of a movie and concert complex in the capital of the Republic of North Ossetia.

19. The Russian Federation Ministry of Finance, in determining its relationship with the Republic of North Ossetia budget for 1995, must provide for the allocation of the necessary funds (according to calculations) to the Republic of North Ossetia Government for the acquisition of sanatorium and resort vouchers and motor transport for Great Patriotic War invalids and also for the consolidation of the material and technical base of sport.

20. The Russian Federation Ministry of Economics, the Russian Federation Ministry of Finance, and the Russian Federation Ministry of Foreign Economic Relations in preparing proposals for using foreign investment credits to buy goods in 1995-1997 must examine the proposals of the Republic of North Ossetia proceeding from the quota of $50 million for commitments for extinguishing debts by the Republic of North Ossetia Government.

21. The Russian Federation Ministry of Economics and the Russian Federation Ministry of Finance in forming investment programs must provide for the allocation in 1995-1996 of capital investments and appropriations worth R3.5 billion for the Republic of North Ossetia for the retooling and replacement of worn out equipment at the printing house which publishes republican newspapers, textbooks, and national literature.

The Russian Federation Committee for the Press must render the Republic of North Ossetia aid in acquiring typographical equipment for these purposes.

22. The Russian Federation Ministry for Nationalities Affairs and Regional Policy must examine the question of allocating funds to the Republic of North Ossetia and the Republic of North Ossetia Government must ensure the acquisition of essential goods and their import for the winter season to the republic's inaccessible high mountain Alagirskiy Rayon.

23. The Republic of North Ossetia Government in conjunction with the Russian Federation Internal Affairs Ministry, the Russian Federation Ministry for the Social Protection of the Population, the Russian Federal Television and Radio Broadcasting Service, and the Russian Federation Ministry of Health and the Medical Industry must ensure in 1994-1996 the completion of the construction of the Republic of North Ossetia Internal Affairs Ministry building, the republican residential home for invalids and the elderly, the children's hospital infections block, the Children's Center, the republican general hospital, and the state television and radio company's studio complex, and the construction in 1994-1997 of a 150-place republican mixed-type children's home, a 450-place boarding school for children with developmental abnormalities, and an antituberculosis clinic.

The Russian Federation Ministry of Economics and the Russian Federation Ministry of Finance must ensure the allocation of centralized capital investments and financial assets for these purposes from the federal budget.

24. The RUssian Federation Ministry of Finance and the Russian Federation Ministry of Economics must resolve the question of rendering aid to the Republic of North Ossetia Government in constructing housing for workers in the budget-funded sphere, providing for the allocation in 1995-2000 of the necessary funds to construct 120 apartments a year.

25. The Republic of North Ossetia Government must prepare in 1994 on a competitive basis programs for the development of entrepreneurship in the republic.

The Russian Federation State Committee for Antimonopoly Policy and Support for New Economic Structures, the Russian Federation Ministry of Economics, and the Russian Federation Ministry of Finance must examine these programs and render the necessary financial support for the implementation of programs for the development of entrepreneurship, private farming, and small business in the republic.

[signed] Russian Federation President B. Yeltsin, Moscow, Kremlin, 7 October 1994.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

International Affairs

Russia, Kiev Disagree on Ethnic, Border Issues

LD1210203994 Kiev UNIAN in Ukrainian 1845 GMT 12 Oct 94

[FBIS Translated Text] Kiev—UNIAN has learnt from confidential sources that the third round of Russo-Ukrainian talks coordinating a draft treaty on friendship, partnership, and cooperation between Ukraine and Russia ended on 12 October, with three out of the treaty's seven contentious issues discussed by sides remaining unresolved, those on dual citizenship, the determination of the status of ethnic minorities, and the formulation of an article containing the provision on the inviolability of the borders, the Ukrainian side insisting on the term "recognition" and the Russians on "respect" for the state borders.

Among the issues that were settled, according to participants in the talks, were those of an economic nature, in particular one on free passenger, goods, and transport transit across the territory of the contracting parties and another on the formation of a common economy and trade relations.

Oleksandr Samodurov, head of the Ministry of External Economic Relations of Ukraine directorate for trade and economic relations with the Russian Federation, said that the sides had reached agreement on the institution and formation stage-by-stage of a common economy within the framework of the economic union treaty, acceded to by Ukraine as an associated member. As for the consensus on transit, he added, it will help Ukraine "not to deter Russia from the use of Ukrainian territory for transit, while the fact that Ukraine will no longer exact 'borough' [mistechkovi] taxes will characterize it as a civilized country".

Asked by a UNIAN correspondent to comment on the progress of Russo-Ukrainian negotiations, Oleksandr Chalyy, head of the Ministry of Foreign Affairs of Ukraine contractual and legal directorate, said that, "in the Ukrainian delegation's view, a number of issues of principle were successfully settled." The treaty, in his words, will reflect the understanding that Russia is Ukraine's strategic partner.

Yuriy Dubinin, the Russian Federation's ambassador-at-large, said that "both Ukraine and Russia have in the past years and months come to realize how important to both countries their bilateral relations are. The two brothers have grown more intelligent, the manifestation of which is the fact that many formulations within the treaty have been fine tuned from the point of view of approaching the issue of cooperation on the basis of equal rights." He added that the fourth round of negotiations was to be held in Moscow in a week's time.

National Affairs

President Kuchma Appoints New Deputy Ministers

AU1310100794

[FBIS Editorial Report] URYADOVYY KURYER on 11 October 1994 on page 2 carries a section "Ukrainian Presidential Edicts" signed by Ukrainian President Kuchma appointing new deputy ministers. No date is given. It lists the following appointments:

Ihor Valentynovych Podolyev—first deputy minister for external economic ties;

Oleksandr Vasylyovych Hashytskyy—first deputy minister for issues of nationalities, migration, and cults;

Serhiy Petrovych Bryichenko—deputy minister for issues of nationalities, migration, and cults;

Vasyl Hryhorovych Sereda—deputy minister for issues of nationalities, migration, and cults;

Raul Shalvovych Chilachava—deputy minister for issues of nationalities, migration, and cults after being dismissed from the post of Ukraine's deputy minister for issues of nationalities and migration.

Confirmation of Kravchuk's Deputy Status Postponed

LD1210150094 Kiev UNIAN in Ukrainian 0930 GMT 12 Oct 94

[FBIS Translated Text] Kiev—Ukraine's Supreme Council session on 12 October postponed confirmation of former President Leonid Kravchuk's status as a people's deputy until 18 October. The decision was made on the grounds that the Mandate Commission regarded the issue not ready for discussion.

According to Deputy Vasyl Chervoniy, left-wing majority groups intend to oppose the ex-president's confirmation as a deputy.

Deputies Vyacheslav Chornovil, Anton Buteyko, and Oleksandr Yemets told Supreme Council Chairman Oleksandr Moroz that he and the parliament had violated parliamentary procedures according to which the Provisional Mandate Commission's authority had expired and the powers of deputies elected in by-elections were now to be examined by the Supreme Council Commission for Procedures, Deputy Ethics, and Deputy Activities. Oleksandr Moroz called off the vote on the issue and referred it to the above commission which will report to parliament on 18 October.

UNIAN is informed that the majority in this commission are members of the Communist group.

Report Reviews Change of Government in Crimea

AU1210203594 Kiev MOLOD UKRAYINY in Ukrainian 11 Oct 94 p 1

[Report by Volodymyr Prytula, MOLOD UKRAYINY special correspondent: "A New Premier in the Crimea"]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[FBIS Translated Text] Local legislators, having last week deprived Yuriy Meshkov of his post as head of government, decided not to put things off and, on 6 October, almost unanimously appointed Anatoliy Franchuk, a 59-year-old statesman, as prime minister. The deputies made their choice in view of Franchuk's family ties with the Ukrainian president ("This will not do any harm," said the newly designated premier) and taking into account the fact that A. Franchuk had been a member of the governments of V. Kurashyk, B. Samsonov and Yu. Meshkov-Ye. Saburov. Speaking at the session, the Crimean prime minister stated that he was going to form a government within a week and that he relies upon the deputies' assistance in this task.

On 7 October, the already resigned vice premier Ye. Saburov officially handed over his post and office to his former subordinate.

There is talk in the lobby of the autonomous republic's Supreme Council session about a future distribution of ministerial portfolios. The majority of the key seats in the government will be given to the parliamentary factions "Russia," "Reform," and "Republic." Something will also fall to the lot of Crimean Tatars and Agrarians. At the same time, the pro-Meshkov faction "Russia-Unity" categorically refused to take part in the formation of a new Crimean government, having referred to this as illegal actions. Nor did its deputies, siding with Yuriy Meshkov, take part in the prime minister voting. It is expected that the A. Franchuk coalition government will hold out until next spring or summer. However, it is quite possible that the Crimean Supreme Council will not outlive the government. On 9 October, the "All-Crimean Movement of Voters for the Crimean Republic" held a meeting in Simferopol. An organizing group was created for collecting signatures in support of holding an all-Crimean referendum on the early suspension of the activity of the autonomous republic's Supreme Council. It is symptomatic that this was reported by the Press Service of the Crimean Presidential Press Service.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Belarus

National Bank Outlines 1994-95 Money, Credit Policy

WS1310091794 Minsk BELAPAN in English 1600 GMT 12 Oct 94

[FBIS Transcribed Text] The Board of the National Bank of Belarus [NBB] has approved the basic guidelines for the monetary and credit policy for the fourth quarter of 1994 and the first six months of 1995. According to NBB decision, the monetary and credit policy of the state, combined with the system of macroeconomic measures, is aimed at the sharp lowering of the inflation rate, the stabilization of the Belarusian ruble, the normalization of the process of settlements, the prevention of a sharp drop in industrial production, and the establishment of conditions for setting a civilized monetary market.

In this connection, NBB is planning to declare the Belarusian ruble the only legal tender on the territory of Belarus, to carry out the transition from the centralized distribution of NBB credits to the refinancing of commercial banks through credit auctions and other market methods.

NBB has established the upper limit for a maximum increase in its credits to 345 billion rubles [R] for the fourth quarter of 1994, including R170 billion to overcome the difficulties in the balance of payments.

The interest rate of refinancing by NBB since 10 October will be 25 percent per month. A minimum interest rate will stand at 18 percent per month.

Restrictions will be removed from the conversion of noncash ruble deposits into cash and the other way round beginning from January 1995. Commercial banks will have to increase before 1 March and before 1 July 1995 their charter funds to 600,000 ECU and to some 1 million ECU, respectively. Commercial banks will bear the responsibility for unfounded delays amounting to more than two working days to deposit customers' funds.

To strengthen the Belarusian ruble, to normalize the state balance of payments, and to adjust the monetary market, NBB will submit its proposal to abolish—beginning from November 1994—the declaration of foreign currency resources deposited by physical entities at commercial banks; to grant amnesty to businesses—holding their currency funds in foreign banks without the NBB license—if they transfer their currency funds to banks on the territory of Belarus within a period from 1 November 1994 to 1 January, 1995; to abolish the State Currency Fund and concentrate all foreign currency resources at NBB, beginning from 1 November; to establish a state company to insure foreign currency credits.

NBB removed all restrictions on purchasing of physical entities' foreign currency by the NBB offices and commercial banks on 10 October 1994. Businesses will be bound to sell 50 percent of their earnings in Russian rubles, beginning from 1 November 1994, at the same time, NBB will authorize the opening of deposits in the currencies of the CIS member-states at Belarusian banks.

NBB gross foreign currency reserves will be increased by no less than $30 million in the fourth quarter of 1994, and no less than $100 million in 1995.

A draft agreement on joint policy to maintain the exchange rate of national currencies, and their mutual convertibility is expected to be worked out before 1 December 1994 and submitted to the Central Bank of Russia.

Retail trade for foreign currency will be prohibited on the territory of the Republic beginning from 1 January, 1995.

Illegal Immigrants Source of Crime, Disease

LD1210212494 Moscow ITAR-TASS in English 1807 GMT 12 Oct 94

[By BELINFORM for TASS]

[FBIS Transcribed Text] Minsk October 12—Belarus has become a spring board for organised groups in transferring illegal migrants to the West, Nikolay Astapov, deputy commander of the border troops of the republic, told a news conference in Minsk on Wednesday.

Border guards have particular troubles with Iraqi Kurds who have an experience of guerrilla actions.

At the present time, Nikolay Astapov believes, the problem of illegal migrants has ceased to be a headache only for border guards. There are over 200,000 illegal people on the territory of the republic many of whom are committing crimes—smuggling of drugs and arms, dubious trade and other illegal actions. They also bring different infectious diseases to Belarus, Nikolay Astapov pointed out.

According to experts, the illegal migration has now a stable trend towards the growth and one should not expect its decline in the foreseeable future.

Moldova

Accord on Russian Forces Pullout To Be Signed 21 Oct

AU1210131594 Bucharest Radio Romania Network in Romanian 1100 GMT 12 Oct 94

[Dispatch from Chisinau by Mircea Motrici]

[FBIS Translated Text] The accord on the pullout of the military formations of the Russian Federation from the territory of the Republic of Moldova will be signed on 21 October in Moscow, during the conference of the heads of CIS states, Nicolae Osmochescu, first deputy foreign

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

minister of the Republic of Moldova, stated today in an interview granted to Chisinau radio .

On that occasion Osmochescu also presented the procedure for the signing of that document by the of the two countries' prime ministers. Additional accords will be signed by the foreign affairs and defense ministers. However, previous to all this, the presidents of the Russian Federation and the Republic of Moldova are to sign a protocol containing certain alterations of the Friendship and Cooperation Treaty concluded by the two states, a treaty that was signed and ratified in 1990 by the Parliament of the Republic of Moldova, but which has not been examined so far by the lawmakers in Moscow.

Asked to explain what kind of guarantees are offered by the Russian Federation, Mr. Osmochescu pointed out that during the preparatory talks held with Russian officials they were given promises that the aforementioned aspect will be examined by the Moscow Parliament within the shortest possible time.

It is noteworthy that the intergovernmental accord on the withdrawal of the 14th Russian Army from the Republic of Moldova will become effective after the exchange of notes between the two governments, regardless of the length of the parliamentary debates.

Council of Europe Delegation Arrives in Chisinau

LD1210213394 Moscow ITAR-TASS in English 1802 GMT 12 Oct 94

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[Text] Kishinev [Chisinau] October 12 TASS—A delegation of the Council of Europe which arrived in Kishinev today, intends to consider the issue on the observance of human rights in Moldavia [Moldova].

The delegation is headed by Gret Haller, chairman of the sub-commission of the Council of Europe on human rights and speaker of the Swiss Parliament.

During their three-day stay in Moldavia members of the delegation also plan to study the conformity of the republic's present legislation to standards of international law.

"This visit is very important as the delegation includes experts appointed by the Council of Europe who will submit their inference on the level of the republic's preparation for the entry into the Council of Europe," Dmitriy Diyakov, chairman of the parliamentary commission on foreign policy of Moldavia, told ITAR-TASS.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Kazakhstan

Tereshchenko Explains Cabinet Resignation

LD1210222494 Moscow INTERFAX in English 1936 GMT 12 Oct 94

[FBIS Transcribed Text] Former Kazakh Prime Minister Sergey Tereshchenko said one of the reasons for his cabinet's resignation was concealed confrontation between the Supreme Soviet and the government. In a news conference in Alma-Ata [Almaty] Wednesday, he pointed out that the parliament's hostility towards the government's economic strategy and the creation of a commission to search for corrupt officials in the top echelons of state power caused the government to feel less confident in its activities.

Tereshchenko believes that the republic needs stronger legislative and executive powers, while the present composition of the Supreme Soviet should long ago have taken up legislating functions instead of those of control.

Summing up the results of his government's activities, Tereshchenko pointed to the introduction of the republic's own currency as its main achievement. He stressed that the previous government had postponed strategic issues in favor of day-to-day ones.

In particular, Tereshchenko admitted his government was not too good at preparing draft laws. He added that it had too little contact with the mass media over its policies. The government's position as to privatization was quite shaky, he added.

Commenting on his own resignation, Tereshchenko categorically dismissed rumors of any plot behind his back. Recalling Nazarbayev's statement that there was no unity of opinion in his team, Tereshchenko pointed out that such unity was impossible.

Speaking on his future plans, Tereshchenko said the president had made a number of proposals, but that he could also go into business.

Parliament Approves New Government Appointments

LD1310102394 Almaty Kazakh Radio Network in Kazakh 0400 GMT 13 Oct 94

[FBIS Translated Text] Yesterday [12 October], Supreme Council Chairman Abish Kekilbayev opened a working meeting of parliament. President Nursultan Nazarbayev took part in the work of the parliament's session.

In view of the resignation of the Cabinet of Ministers and in accordance with Article 78 of the Constitution of the Republic of Kazakhstan the head of state submitted some personnel issues to the deputies. Akezhan Kazhegeldin [former first deputy prime minister], author of the 15-month state program on deepening the economic reforms was proposed as a candidate for the post of prime minister.

After he answered questions from deputies, the legislators elected him prime minister.

At the president's proposal, the Supreme Council approved the appointment of Nigmatzhan Isingarin [former minister of transport and communications] as first deputy prime minister, and the appointments of Viktor Sobolev, Akhmetzhan Yesenov, and Vitaliy Mette as deputy prime ministers.

Altynbek Sarsenbayev [former minister of press and mass information], who was proposed as a candidate for the post of deputy prime minister, failed to gather a sufficient number of votes.

Parliament confirmed the appointments of the heads of key ministries as well. General Sagadat Nurmagambetov remains defense minister. Aleksandr Pavlov was elected minister of finance, Bolat Bayyekenov minister of internal affairs, and Kasynzhobar Tokayev foreign minister.

In the evening the parliament continued its work.

State advisor Kayrbek Suleymenov made a speech in support of the president's edict on judges of the Supreme Court of the Republic of Kazakhstan and the Supreme Arbitration Court. The deputies ratified the edict.

At the proposal of Foreign Minister Kasynzhobar Tokayev the Supreme Council appointed Kanat Saudabayev [former foreign minister] Kazakhstan's ambassador extraordiary and plenipotentary to Turkey and Sagynbek Tursunov as Kazakhstan's ambassador extraordinary and plenipotentary to Germany and also Kazakhstan's charge d'affaires in Austria.

Afterward, parliament approved the president's edict on the first deputy chairman of the Supreme Court of the Republic of Kazakhstan and discussed changes in the composition of the number of oblast and Almaty city courts.

Kyrgyzstan

Premier Chairs Extraordinary Government Session

LD1210221194 Bishkek Kyrgyz Radio First Program Network in Russian 1006 GMT 12 Oct 94

[FBIS Translated Text] An extraordinary session of the Kyrgyz Government was held yesterday. Prime Minister Apas Dzhumagulov chaired the session. The government discussed the results of the meeting of experts from Kazakhstan, Kyrgyzstan, and Uzbekistan, held in Bishkek on 4-5 October, which examined the issues which it is proposed to put forward for discussion by the Council of Heads of Governments of the inter-state

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

alliance of the three countries. The session of the council of prime ministers will be held in Tashkent on 28-29 October.

The experts of the three countries considered seven points, the majority of which had been prepared sufficiently thoroughly and were proposed for inclusion on the agenda of the Tashkent summit of prime ministers. Among the issues proposed are questions on an agreement between the governments of the three countries on cooperation and interaction in the sphere of earthquakes and seismic forecasting, on elaborating a program to integrate branches of industry of the countries in the economic alliance, on cooperation in the production of sugar and its provision to the alliance members—in particular it is proposed to establish an inter-state corporation, Aziatskiy sakhar [Asian sugar]—and on implementing an agreement on cooperation in the pharmaceutical industry and health services, and on starting the manufacture on the territory of the three states of gas, water, and electricity meters.

The session noted that not all our experts are up to the level of international consultants, and not all the ministries and departments discussed the issues, which are so vital to the republic, with due responsibility and competence. It was not possible to prepare such an important issue as developing a concept for the use of fuel and electricity in the three states due to administrative failings. From now on, it will be a rule to discuss at government sessions all the issues on the agenda of inter-state meetings, whether they are CIS meetings or meetings of the economic alliance of the three countries of Central Asia.

Government Adopts 3-Year Economic Program

LD1210194594 Bishkek Kyrgyz Radio First Program Network in Russian 1400 GMT 12 Oct 94

[FBIS Translated Text] The 3-year program for structural reorganization of the republic's economy adopted in an agreement concluded with the International Monetary Fund is an important step in the implementation of large-scale market reforms. Timely and practical implementation of the measures laid out in the program is not only an indispensable precondition for obtaining credit and assistance from international financial organizations, but is also a factor in successful progress along the path of economic reforms.

In view of this, the Kyrgyzstan Government has adopted a resolution on implementing a comprehensive program of measures to ensure structural changes in the economy during the period 1994-97.

Parliamentary Election Campaign Previewed

MM1210132194 Moscow ROSSIYSKAYA GAZETA in Russian 12 Oct 94 p 6

[Report by correspondent Vladimir Berezovskiy: "Patience Before Elections"]

[FBIS Translated Text] The campaign for elections to the new Kyrgyz parliament has gotten off to a start. The first sociological poll showed that the Communists have the best chances of winning. They are followed by the "Aka-meken" party. The "bronze medal" goes to "Erkin Kyrgyzstan." The Communists are particularly strong in Naryn, the birthplace of former "top man" T. Usubaliyev, who ruled the republic for nearly 20 years, in Osh, Talas, and Issyk-Kul. Incidentally, the majority of Russians and Kazakhs intend to vote for them. "Ata-meken" has good support in Dzhalal-Abad. The republicans close the list. The highest personal popularity rating is for "Ata-meken" chairman Tekebayev. Breathing down his neck is T. Turgunaliyev from "Erkin Kyrgyzstan." And the Communists' leader, Sh. Sydykov, only comes fifth.

It is curious that President Askar Anayev has formed the Central Electoral Committee headed by former chairman Markil Ibrayev taking no account of the party game of "patience." It includes predominantly the republicans, functionaries of Kirghizia's democratic movement, and the women's party, which has not yet even been formally registered at the Ministry of Justice. The constituent congresses of the "Unity" peasant and workers' party and of businessmen and young people will be held soon. And it looks as though they will so divide the votes that no single faction will obtain an obvious advantage in parliament.

The referendum on a bicameral parliament, which is not mentioned in the existing constitution, and the elections to the local organs of self-management, both scheduled for 22 October, will be a dress researsal.

As well as parties, the right to nominate candidates has been acquired by trade unions and labor collectives, which will probably field strong and feasible candidates. For the first time the law forbids law enforcement organs' employees to run for deputies' seats.

250 Leave for CIS Tajik Peacekeeping Duties

LD1310101494 Moscow ITAR-TASS in English 0654 GMT 13 Oct 94

[By ITAR-TASS correspondent Boris Maynayev]

[FBIS Transcribed Text] Bishkek October 13 TASS—Two hundred and fifty Kyrgyz troops are leaving for the Tajik-Afghan border today to replace a battalion of the Commonwealth peacekeepers at the border's Ishkashym stretch, a spokesman for Kyrgyzstan's Defence Ministry, Aleksandr Kim told ITAR-TASS.

The border between Tajikistan and Afghanistan is a place of interminable clashes between Tajikistan's armed rebels based in Afghanistan's areas bordering on Tajikistan and the border guards on the Tajik side made up mainly of Russian and Tajik Government troops and troops provided by other Central Asian Commonwealth member-countries under an agreement.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Trade, Cooperation Agreement Signed With Latvia

LD1210153194 Moscow INTERFAX in English 1221 GMT 12 Oct 94

[FBIS Transcribed Text] On Wednesday Kyrgyzstan and Latvia signed an agreement on trade and economic cooperation principles. The document was signed in Bishkek by the Kyrgyz Minister for Industry and Trade [as received] Andrey Iordan and Latvia's Economics Minister Janis Zvanitais.

As the Latvian minister told journalists, the document is a basic agreement for the two countries to build long-term economic cooperation on. Latvia, he said, is interested in establishing stable and lasting relations in economics and trade with Kyrgyzstan. He also said he hopes that, since the monetary units in the two countries are stable, the som will become convertible in Latvia soon.

For his part, Iordan said that the agreement lays foundations for developing direct ties between enterprises in Kyrgyzstan and Latvia, regardless of their form of property, on the basis of best-favored nation status. Further trade agreements will be signed separately, he said.

Tajikistan

Rakhmonov Holds Meeting on Elections, Referendum

LD1210144494 Dushanbe Radio Tajikistan Network in Tajik 0500 GMT 12 Oct 94

[FBIS Translated Text] Emomali Rakhmonov, head of state and chairman of the Tajik Supreme Soviet, held a meeting yesterday to discuss matters arising from the participation of our compatriots abroad in a referendum and the presidential elections.

There was an exchange of views on providing favorable conditions for participation in this important and destiny-making activity of our state by the following officials; Central Electoral Commission Chairman Kadriddin Ghiyosov; Deputy Prime Minister Bozgul Dodkhudoyeva; Press and Information Minister Bobokhon Mahmadov; Communications Minister Ibrohim Usmonov; State Radio and TV Committee Chairman Ibrohim Usmon; Deputy Foreign Minister Tojiddin Mardonov; and Labor Minister Shukurjon Zuhurov.

Emomali Rakhmonov, head of state and chairman of the Tajik Supreme Soviet, pointed out that the full participation of the people of Tajikistan, especially our compatriots abroad, in a referendum and the presidential elections is our most important task.

The relevant ministries have been instructed to take all measures to hold this important political activity within the framework of the law on elections and the international standards.

Other issues related to the participation of observers from the international organizations and foreign countries and providing the necessary conditions for their activity during the preparation period for a referendum and the presidential elections were also discussed in the meeting.

Abdulmajid Dostiyev, first deputy chairman of the Tajik Supreme Soviet, attended the meeting.

General Says Tajik-Afghan Border Impenetrable

LD1210222194 Moscow Mayak Radio Network in Russian 1930 GMT 12 Oct 94

[Text] A year after the CIS collective peace-keeping forces in Tajikistan were set up, they have practically sealed the border with Afghanistan and have formed a barrier, keeping armed detachments of the Tajik opposition from entering the republic, Colonel General Valeriy Patrikeyev, commander of the forces, has said. At the same time, he remarked that force cannot solve anything in Tajikistan. A clear program for disarming various opposition groupings, both within Tajikistan and in neighboring Afghanistan, should be drawn up, the general believes.

Foreign Minister Receives CSCE Representative

LD1310101094 Dushanbe Radio Tajikistan Network in Russian 0400 GMT 13 Oct 94

[FBIS Translated Text] On 12 October Tajik Foreign Minister Rashid Olimov received (Yanosh Bolzhinits), the representative of the CSCE mission to the Republic of Tajikistan. During long and detailed talks they discussed issues connected with the results of the meeting of the CSCE Vienna group standing committee, which adopted decisions on Tajikistan. The minister assessed the previous activities of the CSCE mission in our country and expressed his own point of view on the prospects for further cooperation between Tajikistan and various institutions of this authoritative international organization.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Armenia

Russian Role in Karabakh Stressed During Shumeyko Visit

NC1210195694 Yerevan Radio Yerevan International Service in Armenian 1615 GMT 12 Oct 94

[FBIS Translated Text] Armenian President Levon Ter-Petrosian on 11 October received Vladimir Shumeyko, chairman of the Russian Federation Council, who is on an official visit to Yerevan.

The Armenian presidential press service informed ARMENPRES that during the meeting Shumeyko expressed his satisfaction at the course and results of his visit. The Armenian president stressed the importance of the visit of the chairman of the Russian Federation Council to Armenia and assessed it as yet another manifestation of close friendship between Armenia and Russia.

Matters pertaining to the consolidation of bilateral ties and development of economic cooperation were discussed during the meeting. The role of the CIS Interparliamentary Assembly in the resolution of the Karabakh conflict was stressed. Future moves in that direction were examined.

The Armenian Supreme Council building had never seen such a crowd of reporters as it did during the news conference given by Vladimir Shumeyko on 11 October. In his brief statement, Chairman of the Parliament Babken Ararktsian underlined the significance of the Russian delegation's visit. He noted that at the talks priority was given to Armenian-Russian relations and the peaceful resolution of the Karabakh problem. Replying to a question on the significance of the Bishkek protocol on Karabakh, Ararktsian said that Armenia has always given some preference to Russia's proposals on the resolution of the conflict, for the reason that the mechanisms guaranteeing the implementation of the agreements are far more clearly defined there.

In his turn, Shumeyko favored the phase by phase resolution of the conflict.

After the news conference, which summed up the results of the visit, Vladimir Shumyko, chairman of Russian Federation Council—who during his two-day-long visit to Armenia held a series of meetings with the Armenian leaders, the representatives of the Russian community, and others—toured Garni and Gegart temples on 11 October as part of his cultural program.

After an official reception last evening, Vladimir Shumeyko left for Moscow.

New Deputy Finance Minister Profiled

LD1310112594 Moscow ITAR-TASS in English 1059 GMT 13 Oct 94

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Transcribed Text] Moscow October 13 TASS—Russian Premier Viktor Chernomyrdin has appointed former First Deputy Finance Minister Andrey Vavilov, 33, acting finance minister, First Vice-Premier Oleg Soskovets said in his opening address to a regular government meeting on Thursday.

Andrey Petrovich Vavilov was born in Perm on January 10, 1961.

In 1983, he graduated from the Moscow Institute of Management. Vavilov has a degree of a candidate of science. More than 20 of his scientific works have been published.

In 1982-1984, he worked as an engineer-programmer with the computer centre of the USSR Health Ministry. In 1983-1985, he was a graduate student of the Moscow Institute of Management. In 1985- 1988, he worked as an engineer and a research assistant of the Central Institute of Economy and Mathematics, in 1988-1991, a senior research assistant of the Institute of Economy and Scientific and Technical Progress Prognosis, and in 1991-1992, acting head of a laboratory at the Institute of Marketing Problems of the Russian Academy of Sciences.

In 1992, Vavilov was head of the Management Department of the Economy and Finance Ministry and, since October, 1992, first deputy finance minister.

At the current meeting, the Russian Government is considering the draft federal law on tax reform. The situation around the sharp fall of the Russian rouble against the U.S. dollar and other hard currencies is expected to be in the focus of the discussion.

The cabinet's finance and crediting policy, the subject of Sergey Dubinin's earlier announced report, was withdrawn from the agenda of the current meeting after the Russian president removed Dubinin from the post of acting finance minister on Wednesday.

Azerbaijan

Assembly To Take Month To Decide on Oilfield Contract

NC1210160094 Baku AZERTAC in English 0514 GMT 12 Oct 94

[FBIS Transcribed Text] Baku, October 12 (AZERTAC)—According to Mr. Rasul Guliyev, the Chairman of the National Assembly of Azerbaijan, it will take a month of discussing the issues on forthcoming ratification of the oil contract of joint exploration of off-shore oil-fields.

Oil is the main resources of Azerbaijan and so it must be used for the benefit of its people. That is why it is necessary a through approach to this "century contract" having value of eight milliard of USA dollars.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Meanwhile the journalists have learnt nothing about the discussing of this problem on yesterday National Assembly's session in camera.

CSCE Minsk Group Head Cited on Meeting With Aliyev

NC1210185694 Baku AZERTAC in English 0607 GMT 12 Oct 94

[FBIS Transcribed Text] Baku, October, 11 (AZERTAC)—Examination of issues concerned with international peacekeeping force participation in settlement of Azeri-Armenian conflict is a main aim of the CSCE, vice chairman of the CSCE's Minsk group P. Anderman said today during his meeting with Azerbaijan's President Heydar Aliyev. P. Anderman arrived in Baku last Monday at the head of a CSCE's delegation of diplomats and military experts.

According to the Swedish diplomat, the organization he represents has force and possibilities enough to finance such an action that can secure peace and stability in the region. It is now only a matter of consent of the belligerents and consolidation of the CSCE and Russians efforts in the peace process [words indistinct].

P. Anderman considers that another important goal is to achieve confidence between the parties of the conflict. In his opinion, the confidence has been strengthened after 5-month cessation of fire in the zone of hostilities. However, in spite of this it is necessary to work out measures on mutual confidence, according to P. Anderman.

The diplomat also informed the Azerbaijan's president of forthcoming replacement of the CSCE Minsk group's leadership: Present chairman of the CSCE senior officials committee Andres Bruner will replace Jan Eliasson at his post of the Minsk Group's chairman.

Heydar Aliyev supported his interlocutor's idea about speeding up the Minsk Group's efforts in the process of the Karabakh problem settlement. He stated that it was a very moment [as received] to achieve concrete results. According to H. Aliyev, the republic's leadership has repeatedly stressed importance of cessation of fire and is against conservation of the present situation in the zone of hostilities. We have the right to insist on withdrawal of the Armenia's armed forces from the occupied Azerbaijan territory and restoration of its territorial integrity, Heydar Aliyev stated.

The greater part of his meeting with the CSCE's representatives was held under the closed doors.

Senior Internal Affairs Ministry Officials Dismissed

LD1210184194 Moscow ITAR-TASS World Service in Russian 1616 GMT 12 Oct 94

[By ITAR-TASS correspondents Sevindzh Abdullayeva and Viktor Shulman]

[FBIS Translated Text] Baku, 12 October—This evening a number of senior officials in the republic's internal affairs bodies were dismissed from their posts as a result of their direct involvement in the 4 October events in Ganja (West of Azerbaijan), where a coup attempt occurred.

Among them are: head of the central national Interpol bureau, Ilgar Safikhanov; head of the Ganja police directorate, Eldar Hasanov; and head of the investigation department of this directorate, Shain Huseynov. They are accused of having directed the rebels' actions.

According to a report of the Azerbaijani Internal Affairs Ministry's press service, the chief of staff of this ministry—police Colonel Ramiz Dzhangirov—has also been dismissed from his post. He has been exposed as having passed on distorted information to the Internal Affairs Ministry leadership about the events in Ganja.

The same source reports that four grenade-launchers with a complete basic ammunition load were discovered in the possession of the driver and the bodyguard of the former chief of the Azerbaijani Interpol bureau and were confiscated—a search is now under way for the former chief.

It is also reported that seven of the ten especially dangerous criminals who escaped on 1 October from the remand prison of the republic's Internal Affairs Ministry located on the outskirts of Baku, were recaptured today.

Prosecutor General's Office Relieves Officials

NC1210181194 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 12 Oct 94

[Statement by the Azerbaijani Prosecutor General's Office; date not given—read by announcer]

[FBIS Translated Text] Isakhan Veysel ogly Veliyev, deputy prosecutor general of the Azerbaijani Republic and senior judicial adviser; Huseyin Mukhtar ogly Huseyinov, head of the department overseeing the execution of laws on national security and customs regulations; Shakhmali Agrakh ogly Memedov, head of the cadres department; and Tofik Atesh ogly Resulov, prosecutor of Baku's Nizami Rayon and senior judicial adviser, have been relieved of their posts on orders of the Prosecutor General of the Republic of Azerbaijan due to the shortcomings they displayed in their work, and for failing to properly organize extensive preventive measures under the existing law and order situation.

The following staffers at the Prosecutor General's Office have been relieved from their posts for failing to fulfill their official duties and their duties as citizens, for failing to mobilize the staffers at the Prosecutor General's Office in the fight against the lawless activities under these extreme conditions, and for failing to take any measures to direct the activities of the law enforcement organs during the coup attempt in Ganja on 4-5 October 1994: Zeynalov Zakir Ali ogly, senior judicial adviser at

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the Ganja Prosecutor's Office; Feyzullayev Behran Feyzi ogly, deputy prosecutor of the city of Ganja and judicial adviser; Bayramov Nazir Humbet ogly, deputy prosecutor of Ganja and junior judicial adviser; Esadov Ismail Perlan ogly, judicial adviser at the Prosecutor's Office in Ganja's Nizami Rayon; Aliyev Ali Chemi ogly, chief judiciary adviser at the Prosecutor's Office in Ganja's Kepez Rayon; Alizade Huseyin Elimerdan ogly, chief judicial adviser at Ganja's Prosecutor Office responsible for transportation affairs; Ibrahimov Arif Ismail ogly, deputy prosecutor of Ganja's Kepez Rayon and junior judicial adviser; and, Yusufov Abdullah Ahmed ogly, deputy prosecutor of Ganja responsible for transportation affairs and junior judicial adviser.

Georgia

Demilitarization of Abkhazia's Kodor Gorge Complete

LD1310124994 Moscow ITAR-TASS in English 1017 GMT 13 Oct 94

[By ITAR-TASS correspondent Albert Kochetkov]

[FBIS Transcribed Text] Tbilisi October 13 TASS—The first stage of the search and explanatory operation and the demilitarisation of the Kodor ravine has been completed in Abkhazia, the Abkhazian Ministry of Information and Press reported today.

The ministry's report said that the operation had been carried out by the Russian peacekeeping troops under the supervision of U.N. military observers and representative of the two conflicting parties. During the operation seven pieces of hardware were found and destroyed. An additional air inspection was conducted, in the course of which military observers could see all the difficult-of-access parts of the Kodor ravine.

A protocol on the results of the first stage of the search and explanatory operation is expected to be signed today in the village of Azhara, Abkhazia. Sergey Tbar, head of the general staff of the Abkhazian Defence Ministry, told journalists in this connection: "If the sides come up with new suggestions, the search for military hardware in the Kodor ravine will be continued."

Commission Discusses Non-Return of Refugees

LD1210150694 Moscow ITAR-TASS in English 1201 GMT 12 Oct 94

[By ITAR-TASS correspondent Irina Shchegoleva]

[FBIS Transcribed Text] Sochi October 12 TASS—The quadrilateral commission on refugees met in Sochi today to review the situation after the first group of refugees scheduled to return to Abkhazia from Georgia on Tuesday failed to cross the bridge across the River Inguri.

What hampered the beginning of the return. Head of the Russian delegation to the commission Andrey Nikiforov told ITAR-TASS that "Russia is doing everything possible in this situation. It sent peacekeepers to Abkhazia, and is now monitoring the withdrawal of armed groups from the Kodor canyon and implementing other initiatives. The Russian side's good will and desire to help settle the Georgian-Abkhazian conflict as evident. But in order to make work successful, other parties to the negotiating process must also show goodwill".

The head of the Abkhazian delegation to the quadrilateral commission Enver Kapba said "there were no obstacles on our side. We kept the word given to Russian President Boris Yeltsin and Defence Minister Pavel Grachev. All services on our side, including passport, medical and transport, were ready to receive the returning people. But the first group of 60 refugees never crossed the bridge across the River Inguri."

According to Kapba, representatives of Georgia explained the delay by "the people's psychological unpreparedness".

Nonetheless, the head of the Abkhazian delegation expressed confidence that the process of organised return of refugees would begin in the next few days.

More Join Anti-Shevardnadze Hunger Strike

AU1210123794 Tbilisi REZONANSI in Georgian 6-7 Oct 94 p 2

[Report by Giorgi Asabashvili: "Temur Zhorzholiani: 'I Am Not Afraid of Losing My Immunity'"]

[FBIS Translated Text] Ten days have now passed since the Conservative-Monarchist Party and its leader Temur Zhorzholiani declared a hunger strike, demanding the resignation of Eduard Shevardnadze. According to Zhorzholiani, if Shevardnadze remains in office for just two more months, Georgia will be plunged into a worse crisis. His statement on 27 September [to Parliament in which he asked it to decide whether he should remain in his post], was followed by senseless debates in Parliament that lasted for three days and a speech by the head of state, which brought no results at all. "I summon the head of state to take part in a live television debate with me so that the people may understand the truth," stated Zhorzholiani. The majority of parliamentarians will not vote for Shevardnadze's resignation as they hold posts in executive power and pin their hopes on him. He quoted words spoken by Keitel in his defense at the Nuremberg trial: "I blindly carried out Hitler's orders as legislative and executive power were concentrated in Hitler's hands." According to Zhorzholiani, the same thing is happening in Georgia. "We have nothing against Shevardnadze as a person. We are acting in the country's interests."

The hunger strike is for an indefinite period of time. As Zhorzholiani stated, he himself feels fine, but the health of some of the other hunger strikers has started to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

deteriorate. According to him, a blockade has been mounted during the action: They have cut off the electricity and water supplies and are disputing ownership of the building that, according to him, has been legally theirs and only now has their ownership been declared illegal. Forty-five members of the party began the hunger strike. Their number has now reached 70. They explain that members of other political parties or public associations have joined the hunger strike.

Zhorzholiani stated that Shevardnadze is the best person for the Russian special services; they cannot find anyone better than him. He mentioned the accusations that have been leveled against him personally and pointed out that they are all fabrications. "I am not afraid of losing my immunity," stated Zhorzholiani. "I am not guilty of any kind of machinations involving credits. These are the invention of Shevardnadze himself and are aimed at tarnishing people's reputations so that, when necessary, it will be easy to pressure them."

"I am on hunger strike in order to bring people to their senses and make them see the truth. I value my dignity more than my life. To remain silent today would be disastrous," stated Temur Zhorzholiani.

Leader of Russians in Abkhazia Calls for Aid

MM1210151194 Moscow PRAVDA in Russian 12 Oct 94 p 1

[Interview with Viktor Loginov, chairman of Abkhazia's "Slavyanskiy Dom" Russian community, by Nikolay Kozhanov; date, place not given: "Do Not Abandon Your Sons, Russia.... Interview With Chairman of Abkhazia's Russian Community"—first two paragraphs are introduction]

[FBIS Translated Text] PRAVDA has repeatedly discussed the fate of the 25 million ethnic Russians who overnight found themselves outside their Fatherland through no wish of their own. This is undoubtedly one of the most painful problems to have entered our life with the breakup of the Union. A situation that is not as yet being changed by the Russian authorities' loud but regrettably unsubstantiated assurances of their defense of their citizens' and compatriots' rights. Interstate agreements which have all too often proved to be puff and wind are also unsuccessful. Meanwhile the problem remains and demands decisions.

In this connection, in our view, the thoughts that Viktor Loginov, chairman of Abkhazia's "Slavyanskiy Dom" Russian community and a deputy in the republic's Supreme Council, shared with the editorial office are topical.

[Loginov] There is every indication that the position of the Russians who suddenly found themselves as "ethnic minorities" in the former Soviet, fraternal, now sovereign independent republics is not always serene. Imagine now the condition of people, civilians, who have landed up—through no desire of their own, needless to say—in the thick of interethnic military conflict. In Abkhazia, Tajikistan, or Karabakh.... In a word in a situation where sympathies for a particular warring party or even neutrality may have the most tragic of consequences for you and your family....

[Kozhanov] And what choice has your republic's Russian community made, Viktor Anatoliyevich?

[Loginov] I cannot speak for everyone. Especially since over 100,000 representatives of the Russian-Slav population—86,000 ethnic Great Russians, 16,000 Ukrainians, 6,000 Belorussians [Belarusians], Poles, and Bulgars—lived in Abkhazia itself until this ill-fated war. At any rate I think that most of my friends and acquaintances took an unequivocal view of the Georgian gunmen's invasion in 1992: An act of aggression was perpetrated against Abkhazia on the pretext of safeguarding communications. The war unleashed at that time by the Georgian leadership resulted in the destruction of the Abkhazian people's cities and cultural monuments and the looting of enterprises and houses, and cost around 20,000 lives.... And here too there was no consideration for nationalities: There was a huge gaping hole in the wall of my apartment when I finally returned to Sukhumi caused by a shaped-charge projectile. And I personally, like many of my compatriots, considered it my duty to defend our common homeland shoulder to shoulder with my Abkhazian friends.

[Kozhanov] OK, let us hope that the military disturbance on Abkhazian territory is over now. Does this mean that peace and goodwill will now set in for the Russian and other "foreign" minorities here?

[Loginov] If only!... A truce inevitably reveals a host of other equally acute problems. Primarily economic problems, not to mention the preservation of the foreign communities' national and cultural originality. Imagine our position. The war has abated, but many many people have been left without housing—destroyed during the fighting—without property—looted and taken away by marauders—and without work—industry and the well-known spa complexes have been disabled. And the Russian blockade, which, incidentally, affected the Russians in Abkhazia most of all, is still making itself felt. Whereas the local rural population are managing to somehow feed themselves off the land, how are city people (and the Russians in Abkhazia are primarily townspeople) to survive?

[Kozhanov] It was for these people, as I understand it, that the "Slavyanskiy Dom" community was set up.

[Loginov] That is quite correct. Today it includes half the area's Slav-Russian population, including 19,000 pensioners, 9,000 children, and over 30,000 adult able-bodied citizens. We have people of various, often diametrically opposed convictions cooperating in harmony. You only have to be patriotic about your family, your people, and your state. Our relations with the Abkhazian authorities are quite proper. We have been promised aid

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

in reviving the area's traditional Russian villages and national educational and economic structures. A state act has transferred premises for a Russian Cultural Center and a newspaper has begun publishing. The state status of the Russian language has been confirmed. But all that just constitutes the preconditions for escaping from the incredibly difficult position in which the Russian community here, along with others, found itself. And we cannot manage without outside help.

[Kozhanov] What solution are you proposing?

[Loginov] There is the long-established world practice of supporting ethnic communities outside their historic homeland. On that basis a state program should in our view be formulated and implemented in Russia too. What might it comprise? First, granting Russians resident outside the Russian Federation the right to dual citizenship in accordance with current international practice. It is extremely important to open consulates or other forms of Russian representation in the former Union and autonomous republics of the USSR, and in the Russian population's close-knit communities. That will help defend the life and property of local Russians.

On the other hand, the Russian communities in the near abroad should also open missions on Russian territory and they should be more actively involved in the intergovernmental talks being conducted in order to ensure that the final documents take into consideration as far as possible the interests of the Russian diaspora.

The economic part is equally important. No matter how hard it is for Russia today, it should find an opportunity to allocate targeted interest-free loans to the Russian communities.

[Kozhanov] If I am not mistaken, the Russian Government has allocated such loans for the needs of the Russian population in the near abroad.

[Loginov] The thing is that the practice of allocating these loans has proved defective. Funds to aid Russians are sent not to the communities themselves but to local state structures. Kirghizia [Kyrgyzstan] was allocated 75 billion rubles [R], say, while Georgia was given R20 billion, and so on. But where is this money? Have we seen any of it? Who will guarantee that it is used for its designated purpose?

No, targeted credits are what is needed here and concrete aid, like the FRG provides for the German communities in Russia and the other CIS countries. And, needless to say, you cannot manage without a system of concessions for nonstate organizations involved in reviving the culture and community spirit of native Russians outside their fatherland.

The "Slavyanskiy Dom" Board in Abkhazia has sent the relevant proposals to the [Russian] Duma and government. I would very much like the Russian state authorities to help ethnic Russians who have ended up outside their country not just with words but with real concrete actions. This will undoubtedly reduce to a considerable extent the Russian exodus from the near abroad. And, importantly, provide Russians with equal civil rights with everyone, to wit the right to their own property, the right to their own culture and their own religion. And the right to take pride in their homeland—great Russia.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Estonia

National Bank President Begins Cabinet Talks

LD1210213194 Moscow INTERFAX in English 1856 GMT 12 Oct 94

[From the "Presidential Bulletin" feature: Nikolai Zherebtsov, Andrey Petrovskiy; Edited by Vladimir Shishlin]

[FBIS Transcribed Text] The President of the National Bank Siim Kallas, asked to form a new government by the President, has entered into negotiations on a future Cabinet. He met with members of parliament from the Isamaa party (Isamaa - Pro Patria) and its chairman, current Prime Minister Mart Laar.

Mart Laar would not disclose the results of the meeting to journalists. At the same time he said that as Kallas's nomination would be discussed in parliament, there could be a stalemate situation, because members of the state assembly were split and so is the opposition. Laar did not rule out that for that reason the law-makers would not only block the president's nominee, but other candidates, too. "In that case early elections to parliament would have to be declared, which does not meet the country's current interests", Laar said.

He said the Isamaa party believed early elections would not be the right decision, because in the state assembly there are many bills requiring urgent decisions. Besides, potential rivals can offer no alternatives.

Laar said he would answer in the negative, if invited to take the post of foreign minister in the new Cabinet as a compensation. "This is usually the case when the new Cabinet is going to continue the policies of the old one. This time such a machinery should not be used. I am going to focus on activities in the State Assembly", Laar said.

IF Note: Under the Estonian Constitution Kallas is to present to parliament a report on the principles of forming a government within fourteen days. If the report is accepted, he will have to present a list of Cabinet members to the president for approval. Local observers believe that Kallas has an equal number of supporters and opponents in the State Assembly. It is not ruled out that the President will have to nominate another candidate. If that person is rejected, too, the nomination right will go over to parliament. If parliament's nominee fails to form a Cabinet, too, early parliamentary elections will have to be announced.

Latvia

Military Commander Views Preparedness

WS1310094994 Tallinn BNS in English 1814 GMT 12 Oct 94

[FBIS Transcribed Text] Riga, Oct 12, BNS—In case of an armed attack, the Latvian Defense Forces and the Home Guard would be able to defend the country, National Armed Forces Cmdr. Juris Dalbins told reporters Wednesday.

On the other hand, Dalbins conceded that the abilities of the Defense Forces and the Home Guard are not very great because of scant technical provision and drawbacks in training.

Much depends on the spirit and conviction of soldiers but resources and public support are still needed to give the troops proper preparation.

Commenting on separate groups of the Armed Forces, Dalbins said that the National Airforce "practically existed only on paper." To improve the situation, huge financial investment is needed, he noted.

The Navy is "in normal condition" thanks to the joint effort of Cmdr. Gaidis Zeibots and his former deputy, now Frontier Brigade Cmdr. Janis Adamsons, said Dalbins.

The Land Forces should be subjected to broad reorganization. They will be supplemented by the Latvian company of the Baltic Peacekeeping Battalion, a training battalion and an immediate reaction brigade. The units of the Interior Ministry will join the National Armed Forces only in war or crisis situations.

Speaking on state armed service, Dalbins said it must be compulsory and persons dodging it should be punished. The current training system of officers and the lack of social guarantees withhold new people from joining the regular army. Qualified officers also leave the army for better paid jobs, Dalbins noted.

In compliance with the Latvian defense concept, the National Armed Forces consist of the Land Force, the Air Force, the Navy, frontier guards and Home Guards.

The Home Guard has the status of a territorial army that would help civil residents in nature disasters and "in separate cases help the civil power to ensure security," Dalbins said.

Foreign Minister, Egyptian Envoy Sign Pact

WS1310094894 Tallinn BNS in English 1557 GMT 12 Oct 94

[FBIS Transcribed Text] Riga, Oct 12, BNS—Latvian Foreign Minister Valdis Birkavs and Egyptian Ambassador Hamdi Muhammad Ibrahim Nada signed an agreement Wednesday on economic, technical and scientific cooperation.

The agreement constitutes a legal basis for the building of Latvian-Egyptian relations and allows to study the prospective branches of cooperation, Birkavs told reporters.

The two countries are also expected to set up a joint committee to ensure information exchange and promote cooperation between businesses.

The guest said the signing of the mentioned agreement was only the first step in forming relations between his country and Latvia. In the future, they will also outline cooperation in culture, education and tourism.

The opening of the Latvian Embassy in Egypt is planned for next year but a Latvian Honorary Consul to this

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

country will be appointed already this year, Birkavs said. Egypt pays a great attention to contacts with the Baltic countries, Birkavs noted.

Lithuania

Gylys Advocates 'Pragmatic' Foreign Policy

WS1310095394 Tallinn BNS in English 1814 GMT 12 Oct 94

[FBIS Transcribed Text] Vilnius, Oct 12, BNS—Lithuanian Foreign Minister Povilas Gylys says there is no alternative to Lithuania's "pragmatic" foreign policy, which can guarantee "smooth movement" toward Europe.

At a press conference Wednesday, Gylys said there are two conflicting views on foreign policy in Lithuania at present. One view is based on distrust and suspicion, the other—on giving up the enemy image, which "are a cold war philosophy and a pragmatic philosophy," he said.

Gylys maintains that the future of Lithuania "depends on good relations with neighbors and international organizations." In his words, integration into the European Union [EU] appeared to be a much faster process than expected. Lithuania, which has an "associate partner" status in the Western European Union and recently signed a free trade agreement with the EU, intends to start talks on associated EU membership in the near future.

Gylys objected to the view that Lithuania is lagging behind Latvia and Estonia on the road to Europe. In his words, Lithuania's economy is stabilizing, which an indication that market reforms are starting to function and nothing can stop the process. "The complex of our problems is smaller than that of our neighbors Latvians and Estonians."

Premier Receives Polish Delegation

LD1310131794 Vilnius Radio Vilnius Network in Lithuanian 1000 GMT 13 Oct 94

[FBIS Translated Excerpt] A delegation of the Polish Ministry of Internal Affairs led by Interior Minister Andrzej Milczanowski concluded its visit to Lithuania today. The aim of the visit was to generalize cooperation between the two ministries and envisage its further development.

Members of the delegation met Prime Minister Adolfas Slezevicius today. At a news conference in the government palace the results of the visit and other matters were discussed.

The ministers of internal affairs of both states said that their cooperation is being carried out in accordance with the cooperation agreement signed on 28 September 1992 in Warsaw. So far this cooperation is not intensive enough. The existence of the unsatisfactory situation on the Lithuanian-Polish border and the border area and the lack of proper cooperation and steadfast coordination of actions were acknowledged. At the news conference the sides expressed mutual remarks on shortcomings in carrying out obligations contained in agreements.

At the same time the mutual hope and conviction was expressed that the situation will improve after the reorganization of the Lithuanian border protection service into a border police department attached to the Ministry of Internal Affairs. [passage omitted]

UK Official To Inspect Nuclear Power Station

LD1210121794 Vilnius Radio Vilnius Network in Lithuanian 1000 GMT 12 Oct 94

[FBIS Translated Text] Timothy Walker, chairman of the Nuclear Safety Account at the European Bank for Reconstruction and Development and deputy secretary of the British Department of Trade and Industry [DTI], is currently on a four-day visit to Lithuania.

The visitor is interested in how the subsidy of more than 32 million ECU allotted by the Nuclear Safety Fund this year for improvement of the safety system and the Ignalina nuclear power station is working.

Timothy Walker met Algimantas Stasiukynas, minister of power engineering; Saulius Kutas, secretary at the ministry; and Viktor Shevaldin, director general of the Ignalina nuclear power station.

Today, Mr. Walker is visiting the Ignalina nuclear power station. Timothy Walker, head of the Atomic Energy Division at the British DTI, will be received by Prime Minister Adolfas Slezevicius.

Bomb Scare Reported at Vilnius Radio Stations

LD1310075094 Vilnius Radio Vilnius International Service in Lithuanian 2200 GMT 12 Oct 94

[FBIS Translated Text] Independent commercial radio stations M1 and Radiocentras have not interrupted their broadcasts in spite of warnings by the police about explosives, allegedly placed in the Press Palace where these stations are situated.

According to Baltic News Service, an anonymous person told the police on the telephone on Wednesday that the eighteen-storeyed press palace in Vilnius and large shops situated on the same street—Kometa and Saturnas—would be blown up. The police immediately took measures to ensure safety, but there was no forcible evacuation of people.

There were no explosions and the police assumes that this threat may be connected with the trial of the murderers of journalist Lingys which just started.

Last week there were threats to blow up the Supreme Court building in Vilnius. The police established that telephone threats were made by a mentally retarded youth from Klaipeda and warned his parents to better supervise their son.

Two threats linked with the case of the journalist's murder have been received by the Vilnius water supply system officials. An unknown person warned on the telephone that the capital's water will be poisoned. The threats did not materialise but the officials took additional measures of protection.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.